

# **CREDIT and FINANCIAL MANAGEMENT**

DEVOTED TO INDUSTRY \* FINANCE \* **UNIVERSITY OF MICHIGAN**

JUL 23 1953



**CREDIT OFFICIAL HEADS N. Y. SALES EXECUTIVES**

*Story on Page 5*

**Bankers' Cooperation: A Panel Discussion  
Of Steps to Exchange Credit Information**

**Crooked Bankrupt Only Rarely Gets Away  
If Creditors Have the Will to Punish Him**

**Supplier Turns Warehouse in Emergency;  
Rescued Customer Goes On to Prosper**

**Spadework for a Credit Man's Decisions;  
Case History Shows Preparedness Pays**

**AUGUST, 1953**

**Vol. 55**

**No. 8**

# NEW "Confidential Credit Application" Form


A new Confidential Credit Application Form has just been completed by the National Publications Committee after long consultation with users of this type Form. It is designed for use by wholesalers or manufacturers in response to inquiries or orders received from unrated merchants.

It is also designed to give general business information about the customer which is not available elsewhere.

**CONFIDENTIAL CREDIT APPLICATION**

We appreciate the opportunity of serving you. Since we cannot now get together personally to talk over our opening an account for your convenience we are outlining below the kind of information we hope you will supply so that we may become better acquainted with you.

Sincerely yours,



---

**To:** \_\_\_\_\_ NAME OF FIRM Requesting Statement

The following information is submitted for your consideration as a basis for opening an account with us:

The name of our business is \_\_\_\_\_

We operate \_\_\_\_\_ business. We have been established \_\_\_\_\_ years.  
(State type and nature of business)

Ours is a: Corporation ☐ Co-Partnership ☐ Limited Partnership ☐ Individual Business ☐

We are incorporated under the state laws of \_\_\_\_\_

The principal owners or stockholders are:

NAME	ADDRESS	CITY
_____	_____	_____
_____	_____	_____
_____	_____	_____

We bank at \_\_\_\_\_

Our tax returns have been cleared with the taxing authorities through our insurance protection is described on the back of this form.

We expect our monthly credit requirements from you to be about \$ \_\_\_\_\_

We believe that our firm is financially able to meet any commitment according to your terms.

Name of Firm or Corporation \_\_\_\_\_

Street \_\_\_\_\_ City \_\_\_\_\_

Date \_\_\_\_\_ Signed by \_\_\_\_\_ Title \_\_\_\_\_

**NOTE: You can help us considerably by attaching**

Form No. 1C (This Form Approved and Published by THE NATIC)

**A sample copy of this Form will be sent on request.**

Quantity	Prices	
	Plain	With Name and Address
250	\$ 4.25	\$ 7.80
500	6.60	11.90
1000	9.75	16.50
1500	14.25	24.25
2000	18.00	31.00

**DESCRIPTION OF INSURANCE PROTECTION CARRIED**

Kind	Amount	Kind	Amount
Fire Insurance on:		Burglary Insurance	
Merchandise		Use and Occupancy	
Buildings		Life Insurance for benefit of business	
Furniture & Fixtures		Other	
Liability Insurance on:			
Premises			
Autos			
Other			

**YOU MAY REFER TO OUR PRINCIPAL SOURCES OF SUPPLY LISTED BELOW**

Name	Address	City	State

**ADDITIONAL REMARKS AND INFORMATION**

**This Form Approved and Published By**


**NATIONAL ASSOCIATION OF CREDIT MEN**  
229 FOURTH AVENUE, 3, NEW YORK



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F-6



### Credit Interchange Bureaus

CENTRAL OFFICES  
512-514 Arcade Building  
ST. LOUIS 1, MO.

of the NATIONAL ASSOCIATION  
of CREDIT MEN

Report on \_\_\_\_\_

W. T. \_\_\_\_\_ COMPANY \_\_\_\_\_, OHIO JUNE 22, 1953  
\_\_\_\_\_ COUNTY

The accuracy of this Report is not guaranteed. Its contents are gathered in good faith from members and sent to you by this Bureau without liability for negligence in procuring, collecting, communicating or failing to communicate the information so gathered.

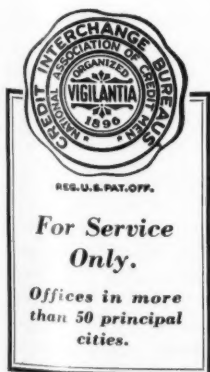
BUSINESS CLASSIFICATION	HOW LONG SOLD	DATE OF LAST SALE	HIGHEST RECENT CREDIT	NOW OWING (INCLUDING NOTES)	PAST DUE	TERMS OF SALE	PAYING RECORD			COMMENTS
							DIC. COUNTS	PAY. WHEN DUE	DAYS SLOW	
<b>CENTRAL &amp; S.W. OHIO</b>										
603-729										
Hdwe	yrs	5-53	299	299		2-10-30	x			
Ind S	yrs	5-53	1046			1-10-30		x		
Ind S	yrs	3-53	1109			2-10-60	x	x		
Elec	yrs	5-53	412	89		1-10-30		x		
Hdwe	yrs	5-53	150	81		30		x		
I&S	1937	4-53	984			1-10-30		x		
Metal	1945	5-53	1387	813		2-10-30		x		
<b>NEW YORK-PHILADELPHIA</b>										
603-729										
Hdwe	yrs	5-53	4606	301		2-10-30	x			
Hdwe	yrs	6-53	9735	6565		2-10 Px	x			
Hdwe	yrs	5-53	590	27		2-10-30	x			
Hdwe	yrs	4-53	224			2-10-30	x			
<b>CHICAGO</b>										
605-814										
Hdwe	yrs	5-53	830	227		2-10-30		x		
<b>CLEVELAND</b>										
604-529										
Hdwe	yrs	4-53	354			2-10-30	x			
Hdwe	yrs	5-53	168	168		30-1-10		x		
<b>WESTERN NEW YORK</b>										
604-227										
Metal	yrs	5-53	280			1-10-30		x		
<b>BALTIMORE</b>										
604-603										
I&S	yrs	5-53	917	218		1-10-30		x		
<b>GRAND RAPIDS</b>										
605-215										
Hdwe	yrs	3-53	729			2-10-30	x			
<b>Bu 1&amp; T</b>										

Get details from the Bureau serving your area — without obligation, of course.  
... If you prefer, write

**Credit Interchange Bureaus**

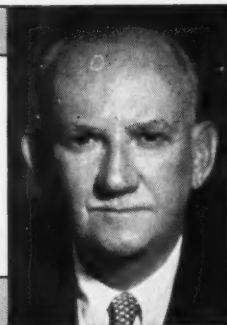
**NATIONAL ASSOCIATION of CREDIT MEN**

**512-14 Arcade Building . . . ST. LOUIS 1, MO.**





# Editorial



## EXAMPLE FOR GOVERNMENTS

**D**EDICATED to the public recently were the Henry Ford diaries and memoranda. As an industrialist Henry Ford will be long remembered for his great contribution to the establishment of the assembly lines. It is the production line that gave America its undisputed industrial leadership and our high standard of living.

In addition, the simplicity and humbleness of the man and his high regard for his fellow men will set him apart as an individual.

There is a lesson for all in the life and work of Henry Ford. Most of all there is a lesson for government . . . all governments. It is a lesson that the government finds difficult to accept. His business management represented a sound program and the sooner the governments of the world try to put it into effect the better off the world will be.

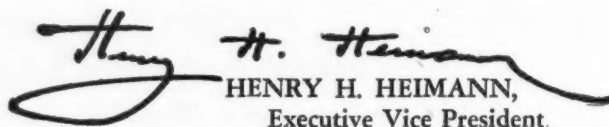
Henry Ford had the courage of his convictions. He understood exceedingly well the law of diminishing returns if you priced things too high. He knew that if he could get a volume of business it meant constant lowering of prices and, in addition, an increase of wages. Therefore, with courage, which at the time was considered foolhardy, he definitely set a price on his car that was based not upon the cost, determined day by day by the volume of business he was doing, but on what the cost might be if he could reach an increased volume of business.

Time and again he found that the lower price he set on his automobile so stimulated demand and so increased production that his volume increased and his cost of production was constantly lowered. In this profitable program of lowering the cost of making his automobile he had labor responsible for the production share in the rewards. His pioneering of the \$5.00 day, at a time when the dollar was really worth a dollar, will long live in history. It wasn't the money so much as it was the dedication to a principle that the rewards of business should be shared proportionately to the service rendered.

All governments should give this thought when they proceed to an examination of their methods and means of taxation. It isn't necessarily a high tax rate that over a long-range period of time brings in the largest amount of money for the government. Your taxes may be so high that they have breached the law of diminishing returns.

More important than the rate itself is the productivity of a tax rate. If a government accepts the policy of Henry Ford and in the field of taxation the policy of Andrew Mellon, and courageously sets a tax rate that is conducive to greater productivity, the government like these men will find that it is in receipt of more revenue. Unfortunately too much emphasis is placed upon what a given rate of taxation may yield. In these calculations too frequently the productivity of the rate is lost sight of.

We should never forget that a low rate on many dollars of earnings brings in more revenue to the government than a high rate on a few dollars of earnings.

  
HENRY H. HEIMANN,  
Executive Vice President.



## THE AUGUST COVER

**C**REDITED with initiating the deferred payment plan to finance home improvements and with having helped write Title I of the National Housing Act in 1934, Joseph L. Wood, newly elected president of The Sales Executive Club of New York, follows the precedent of his grandfather, who invented the first apparatus to light railway cars with acetylene gas.

The assistant treasurer of the Johns-Manville Corporation (left) here is



receiving the congratulations of Elmo Roper, public opinion counsel; Charles Edison, former governor of New Jersey, and Frank W. Abrams, chairman of the board of Standard Oil of New Jersey.

Before joining Johns-Manville in 1927 as general credit manager, Mr. Wood had been assistant general credit manager of the Ajax Rubber Company of New York and Racine, Wis. He had started as a stock runner for Chas. W. Place and Mergagel & Company. He is an arbitrator for the American Arbitration Association, a director of the New York Credit & Financial Management Association.

Mr. Wood's philosophy of credit summed up in a forum of the New York Institute of Credit: "Credit is not basically a financial device but a sales technique." Then he injected this: "Why not call the credit department the Business Extension Department and its advisors **Financial Consultants?**"

Mr. Roper, a marketing consultant since 1933, has been a director of Spiegel, Inc., Traub Manufacturing Company, and International Public Opinion Research, Inc.

Ex-Governor Edison holds LLD degrees from John Marshall College, Newark University, Rutgers, and Upsala College, and has been president and director of Thomas A. Edison, Inc., Pohatcong Railroad Company, City View Storage Company. He was Secretary of the Navy 1939-40.

When Mr. Abrams in 1912 was graduated as a civil engineer at Syracuse University (honorary LLD 1946) he started with the Standard Oil of New Jersey in Jersey City. He became successively a director of the New York City subsidiary, its president, a director and vice president of the parent company, chairman in 1945.

**CREDIT  
and**

# FINANCIAL MANAGEMENT

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General Manager: Edwin B. Moran

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❏ ACTION of the Federal Reserve System in reducing the amount of money it requires its member banks to hold in reserve permits the Treasury to borrow the \$5 to \$6 billions it needs for the current three months without forcing interest rates still higher, from new lending power in the hands of commercial banks and without necessarily clashing with credit demands of businesses and individuals, says an official.

Reserve demands for central Reserve city banks were reduced from 24 to 22 per cent, other Reserve city banks from 20 to 19 per cent, and country banks from 14 to 13 per cent of net demand deposits.

From the Treasury Department's Secretary George Humphrey came the comment that "the action is entirely consistent with the policy of restraint of inflation without too drastic credit restriction."

❏ A \$7.5 MILLION stopgap wheat export subsidy program was placed in operation by the Department of Agriculture to avoid a break in the export movement to traditional foreign markets pending official ratification of the international wheat agreement and enactment of legislation to carry out U.S. obligations under it. The temporary arrangement, to be financed by funds from custom receipts, makes up the difference between the \$2.05 a bushel maximum under the new international agreement and the national support price of \$2.21 a bushel.

❏ AFTER defeating a motion by Senator Wright Patman (Dem., Texas) to pigeonhole the bill, the House passed a measure for disposal of the Government's 28 synthetic rubber factories (\$518,347,000 building cost) to qualified bidders.

Senator Patman objected that the measure, which calls for establishment of a three-member commission to negotiate contracts for sale of the plants, did not protect small operators' bids against those of large rubber companies. He also sought a provision requiring Congress approval of all sales contracts.

❏ DEFENSE spending economies to permit tax relief for corporations and individuals, including a 1 to 10 per cent saving in the \$81 billion carry-over of obligations from the last Administration, were urged by a defense contractor, S. W. Brandel, president of Marlin-Rockwell Corporation, Jamestown, N.Y., which makes bearings, with 30 per cent of its business in defense contracts.

For one thing, such economies could reduce the

swarm of inspectors, said Mr. Brandel. "Inspectors, auditors, security men, men representing quality control, tool control, process control, packaging and others from major defense branches come from far and wide to harass and confuse us. One inspector in charge, with no more and possibly less help, could handle all inspection and expedite functions for all branches of the services and eliminate time and travel costs for itinerant inspectors and others."

❏ BANK holding companies should be under "some reasonable control and regulation" and the American Bankers Association stands ready to help draft such a measure, George R. Boyles, chairman and president of the Merchants National Bank in Chicago, told the senate banking committee as chairman of the association's legislative committee.

❏ INCREASES of 3 and 5 cents an hour in minimum wage rates for learners in the glove industry, now in effect by order of the Labor Department, supplant rates of 60 to 70 cents.

❏ SIGNED by the Defense Materials Procurement Agency was a 120-million-pound purchase agreement with the International Nickel Company of Canada, Ltd., for delivery over five years.

## Oh, Yes, Psychology!

*"It may be the better part of wisdom" to permit Russia and her satellites to sell what they wish to the United States, Raymond Vernon, acting director of the state department's office of economic defense and trade policy, told a House agricultural subcommittee.*

*"We must consider the psychological effects of this trade in the Russian satellite nations," he replied to a demand by Rep. T. G. Abernethy (Dem., Miss.) for explanation of the department's policy on importation of Polish hams, Chinese dried eggs and Russian cotton linters, while American citizens are paying millions of dollars to support prices, as domestic supplies "are running out our ears."*

*To the Congressman's question, "Isn't it silly to allow the imports to continue under these conditions?" Mr. Vernon pleaded that "we must view its overall effect." Which is what?*

¶ VOTING almost two to one against an amendment to reinstate provisions for a 90-day freeze power over wages, prices, rents, and consumer credit, the House passed S. 1081, defense production act, which renews the Government's authority to allocate scarce defense materials and give priorities to makers of military items.

The Senate later sent a companion bill back to conference with the House, after voting against setting up a new federal agency with authority to lend up to \$250 millions to small business. The senators did not quarrel with a House-approved provision for a permanent small business administration authorized to make loans up to \$100,000 to small businesses.

¶ RECOMMENDING a U.S. merchant fleet of 1,591 passenger, cargo and tanker vessels, Solon B. Turman, president of Lykes Brothers Steamship Company of New Orleans and representing 14 concerns receiving operating subsidies, said double the current number of vessels is needed to meet foreign competition.

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**OFFICIAL TEXTS—of all mobilization agency regulations may be had, free of charge, by writing the Information Division of the agency involved, Washington 25, D.C.**

**THE FEDERAL REGISTER—a Government daily publication, which contains full texts of all regulations, is available from the Superintendent of Documents, also at Washington 25.**

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¶ ALL THE N.P.A. controlled materials plan regulations and directions were revoked July 1st when the defense materials system was invoked to provide materials for defense and atomic manufacturers.

¶ WILLIAM D. MITCHELL, administrator of the Small Defense Plants Administration, is a graduate of business administration at the University of Utah, law student at Utah "U" and at Stanford, whence he was graduated in 1940.

¶ BILLS, with slight differences, were passed by House and Senate authorizing the Export-Import Bank to insure U.S. exports against certain "extraordinary risks" overseas.

¶ THE PRINCIPAL inventory control regulations of the N.P.A. have been dropped. Specific inventory ceilings hereafter will be maintained for scarce materials in the individual control orders.

¶ A PARADE of Cabinet members before the House ways and means committee urged support of the President's recommendation for a one-year extension of the reciprocal trade agreement. They opposed the Simpson bill, which

would restrict imports of oil, lead and zinc. Some speakers even asked elimination of some restrictions now in the agreement.

¶ THE program of direct home loans to veterans has been extended one year. The law permits increasing the interest rate to 4½ per cent (from 4 per cent) and authorizes \$100 millions additional to carry on the program.

¶ WAGES and salaries are more evenly distributed than they were in 1939, average salaries have risen appreciably, and manual workers have benefited most, says the Bureau of the Census.

¶ FOREIGN aid programs have helped American wheat farmers but are inimical to the domestic dairy industry because they help foreign dairy men to produce additional cheese products for this market, Rep. A. H. Andresen (R., Minn.) believes. He asked the House banking committee to extend Government control authority over agricultural commodities.

¶ A BILL to permit expansion of the federal crop insurance program by 100 additional counties, starting in 1954, was indorsed by officials of the department of agriculture before the House agricultural committee.

¶ LIMITED exemption from provisions of the Walsh-Healey public contracts act, for contracts for certain canned fruits and vegetables, was ordered by Martin P. Durkin, secretary of labor. Waiver of overtime pay requirements and relaxation of minimums for young workers were included.

¶ NEW REGULATIONS for qualifying low grade wheat imports as "wheat unfit for human consumption," to get within the 5 per cent ad valorem duty compared with the 21 cents a bushel for standard wheat, require that the importer submit a declaration that no part of the wheat will be used to make products for human use.

¶ QUOTA LIMITATIONS on use of materials for maintenance, repair and operating purposes by civilian industries has been eliminated by the N.P.A.

¶ AUTHORIZATION for Government launching of 35,000 public housing units in fiscal 1954 was approved by the Senate appropriations committee when it voted \$461 millions for a score of so-called independent agencies, among them the housing bureaus.

¶ AUTHORITY to the federal courts at their discretion to award less than treble damages in private antitrust suits is the objective of legislation introduced by C. W. Reed (R., Ill.), chairman of the House judiciary committee.



# Bankers' Cooperation

## Mercantile Credit Executives Must Give to Get

**C**OOPERATION between mercantile company and bank is a two-way avenue to exchange of credit information. For example, the company credit executive who looks to the bank to provide confidential data concerning an account must in turn recognize his own obligation not only to stand ready to proffer information requested by the bank on other accounts but also to route his queries on small accounts so far as possible through the credit interchange agency, and on larger accounts to accompany his request to the bank with all pertinent data he already has in his possession.

This is only one of many facts and suggestions invaluable to credit operation, in company or bank, brought out in the panel on the topic, "Hand in Glove; or, The Partnership of Mercantile and Bank Credit Departments," a highlight of the 57th Annual Credit Congress, at Montreal.

Representing mercantile operations, in order of the addresses, were Paul J. Viall, treasurer, Chattanooga Medicine Company; Paul E. Hunter, general credit manager, Pacific Mills, New York City; and R. Lynn Galloway, general credit manager, Eastman Kodak Company, Rochester, N.Y. For the bankers: B. F. Edwards, Jr., vice president, Bank of America N.T. & S.A., San Francisco; Robert G. Norwood, assistant vice president, The Hanover Bank, New York; and Archie K. Davis, senior vice president, Wachovia Bank & Trust Company, Winston-Salem, N.C.

*Following are the addresses in full, introduced by the moderator, Lawrence T. Knier, executive manager and secretary-treasurer of The Robert Morris Associates, Philadelphia.*



### Look for a Balance Sheet If Credit Involved Is Large

Question: What do I want and expect from a bank in the way of credit information?

Answer by PAUL J. VIALL  
Treasurer, Chattanooga Medicine  
Company, Chattanooga, Tennessee

**B**EFORE ATTEMPTING to draw a bead on this target, I want to say just a word as to my concept of its background.

First, each credit transaction is water on the economic wheel. Every transaction no doubt is of greater importance to some individual concern than to the whole economy, but the composite of all credit practices has profound influence on the whole economy.

Secondly, the overall economic welfare is a responsibility shared by every interest dealing in credit transactions—banks and other businesses alike. I therefore submit that we, the credit fraternity, are trustees of a far greater responsibility than the net plus and minus of our individual functions, and that from that larger concept should come the guideposts which govern our interrelationships.

On the premise that both the inquiring commercial enterprise and the local bank have a broad economic responsibility and a mutual interest in serving a local customer, what I expect from the bank is directly commensurate with **SIZE**—the **SIZE** of the bank and the community it serves, the **SIZE** of the customer, and the **SIZE** of the credit involved.

At the same time, I recognize my responsibility in making an inquiry. I should have a bona fide reference to the bank and my inquiry should not exceed the propriety of that reference.

An inquiry accompanied by such a reference should state the nature and extent of the transaction, with such details as seem appropriate to fulfill my obligation to the bank. I expect a prompt reply in keeping with my inquiry.

My attitude presumes such mutual confidence as characterizes the interchange of information between commercial credit executives; it implies our readiness to give as fully as we ask, if banks should have occasion to make inquiry of us.

My viewpoint may be made clear by two extremes as illustrations:

If the credit involved is relatively large, and reference to the bank includes authority to request a balance sheet, I expect a balance sheet with such impartial comment from the bank as will make it reasonably understood to be a true reflection of the customer's condition and standing.

### A Big Order But Justifiably So

On the other hand, if, as is the case with a vast number of credit transactions, the amount involved is small, I still expect a prompt reply but limited to such information as approximate size of bank account, whether the customer has borrowed and if the relationship has been satisfactory, and an opinion whether the customer is worthy of credit in the stated amount on the terms involved.

That may seem a big order in requesting cooperation. If it does, I would remind you that the keystone of our credit association is cooperation and that the accomplishment of it serves the interest of the buyer and his community as well as that of the seller.

It seems to me that there can be no more progressive and profitable banking policy than one of maintaining such a credit inquiry service. A great many do, and of course among those are most of the banks with mem-

# Is a Two-Way Street

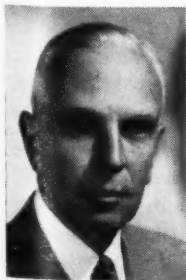


**THE BANK PANEL (l to r):** Representing industry: R. Lynn Galloway, general credit manager, Eastman Kodak Company, Rochester, N.Y.; Paul E. Hunter, general credit manager, Pacific Mills, New York City; and Paul J. Viall, treasurer, Chattanooga Medicine Company, Chattanooga, Tenn. The moderator, Lawrence T. Knier, executive manager, Robert Morris Associates, Philadelphia. For the bankers: B. F. Edwards, Jr., vice president, Bank of America National Trust and Savings Association, San Francisco; Robert G. Norwood, assistant vice president, The Hanover Bank, New York City; and Archie K. Davis, senior vice president, Wachovia Bank and Trust Company, Winston-Salem, N.C. In the center background are the chairmen of the liaison committees of the N.A.C.M. and Robert Morris Associates: Frank E. Byrne (left), treasurer, Cannon Mills, Inc., New York City; and William M. Edens, assistant controller in charge of credit department, Continental Illinois Bank and Trust Company, Chicago.

berships in our credit association. But for an adequate trade coverage we need the cooperation of the vast number of banks, particularly smaller banks, which are not credit association members.

My experience has been more with accounts in smaller communities throughout a large part of the United States, and the response to inquiries made of non-member banks has been very spotty, to say the least. Any improvement that can be made in that area will be reflected in better service to the communities in handling credit transactions.

If our banker members and our banker friends can lead us in an approach that will get a greater acceptance of the concept of banks serving their communities, and therefore themselves, by efficient handling of credit inquiries, we shall owe them a very great debt of gratitude.



## Six Important Ways Bank Can Help Provide the Data

**Question:** What part does the commercial bank play in the established system of exchange of credit information?

**Answer by B. F. EDWARDS, JR.**  
Vice President, Bank of America N.T. & S.A., San Francisco, California

**MOST IMPORTANT** of all, the bank can furnish much of the following information concerning the subject under discussion:

- (1) The reputation for honesty.
- (2) How long in business and how successfully so?
- (3) What bank credit is available and how is it dis-

charged by the subject? For example, is it paid seasonally, or by amortization payments made as programmed, if a term loan; or is the account slow?

(4) Whether loans are made on an unsecured or secured basis; if secured, the nature of such security and/or guaranties held.

(5) Compare the progress of the subject with others in the same industry or business.

(6) Disclose highlights from current balance sheets and profit and loss statements, plus general information concerning bank account maintained.

## Must Not Abuse Banker's Confidence

All this is available to an inquirer if he is known to be entitled to the information, has frankly and fully stated his position with the subject and understands thoroughly, and will not abuse the basic concept that the information is strictly confidential and for credit purposes only.

Your banker wants and stands ready to help you and the mutual client whenever possible. He realizes the need for completely factual information in his own credit considerations; therefore, if he expects you to furnish him with such data, he must be prepared to reciprocate in kind.

Until you have established your trustworthiness of this treatment from the banker, however, do not be critical if answers of a general nature are given you.

Remember, the banker first has a sacred trust with his customer to maintain that relationship on a strictly confidential plane. Should you under certain circumstances be asked to obtain the written consent of a customer to disclose particular information, your banker has a very good reason for such request.

These are some of the things the bank will do in the



exchange of credit information. Now, for your better understanding, here are some of the "will nots."

The banker will NOT:

(1) Exchange credit information with unknown inquirers or those whose purpose may be subject to question.

(2) Reply to printed form letter inquiries that are unsigned. (We take the position that an inquiry not sufficiently important to justify the affixment of an authoritative signature isn't important enough to answer—those go into the waste basket.)

(3) Respond specifically to general inquiries that fail to set forth the reason for the investigation, the amount of credit under consideration and a frank statement of the inquirer's experience with the account. (If your requests are going to be of a general and vague nature, you cannot hope to get an answer any more specific. Example: "We have under consideration credit to the John Doe Company. It has given your name as a reference. We shall appreciate a full report covering your experience, including your estimate of the moral integrity, nature and amount of bank balances, loan experience, etc." You will agree, I am sure, that the bank is entitled to much more information concerning the nature and purpose of the inquiry before responding to such a request).

(4) Credit information by telephone, unless the bank is thoroughly satisfied that it knows with whom it is talking.

#### **Playing According to the Rules**

To sum up, the bank can and should play an important part in the exchange of credit information. It will, when it is certain that it is dealing with someone fully conversant with and who will abide by all of the rules of the game. It, too, must know and play according to the rules.

And now a word for the National Association of Credit Men and its member associations. As a banker, I can truthfully state that my active participation in local association affairs has been of tremendous value in my credit work. Through friendships formed with credit executives in all types of industry and business, I have no hesitancy in freely exchanging credit information, and just as readily am I able to obtain it.

Thus, we are both able to carry on profitable relationships while aiding a deserving mutual client. Likewise, we avoid or minimize losses that inevitably would be encountered were not the free exchange of credit information employed.



#### **Says Archaic Restrictions Dictate Banks' Operations**

Question: *How could banks serve me better?*

Answer by PAUL E. HUNTER  
General Credit Manager, Pacific Mills, New York, N.Y.

**T**HE BANKS do an excellent job. My few suggestions therefore are directed not at the bankers but rather at the archaic system of restrictions and protocol under which they are compelled to operate.

This system is designed to protect our deposits, but does it not sometimes hamper the free flow of the lifeblood of trade which creates more deposits? In a dynamic and expanding economy such as we are in, we are forced to keep moving. The creation of wealth is to me more important than over-protecting the wealth you already have. I don't mean to neglect it, but I do mean at least to keep it from getting lazy.

#### **Prefers Hint of "What's Cooking"**

I am like the fellow who said he didn't like Paris because the people all spoke French. Bankers talk too much like bankers. Just listen to this letter, or at least part of it: "Subject has carried a satisfactory checking account with us for a number of years, with balances averaging in low three figures, and as we have had no requests for accommodation we have had no occasion to look into the subject's affairs."

They would have served me and their customers better if they had written the actual facts of the case along these lines: "John Jones has had a small checking account with us since he came out of the Army and started a neat little dry goods store at a good but inexpensive location. Apparently he has not yet felt eligible to apply for a loan and we do not know how he is making out. However, the balances of a couple of hundred dollars are handled well and we await his future with interest."

The banks also would serve me better if, when they write for information, they would give me a little better idea of just what is cooking. Most of them say they are revising their file. My reaction is: "Well, ain't that just dandy!" Most of the time it's probably the true reason, but too often it's a cover for something else. I'm a sympathetic sort. If they would hint what is up I'd be inclined to go all out with a complete answer.

#### **Patience and Understanding Needed**

I know banks are more regulated than business ever was by the OPA, and that the poor loaning officer must also be a new-business man and still answer to the Federal Reserve, state and often national examiners, to his board, his loaning committee and Lord knows whom else. But, after all, we all have troubles. By being a little patient and understanding with me he might learn a little about my industry and add it to the tremendously diversified knowledge a well equipped banker is expected to have.

#### **Wants Banks' Investigators Trained**

One other thing, and this point is directed at a few banks. Will they please stop sending investigators in to me whose cheeks are still moist from the blessings of the main office. Don't give them such a list of questions that when I say my high point is \$300,000 they ask what I think of the account. These young investigators are our future bankers and credit men. You don't teach people to swim by throwing them in the water. That was effective—for those that survived—but it is old-fashioned. Spend a little time to coach and help them.

As bankers you can serve me best by continually asking yourself, "What have I done lately?" by continuing to integrate, and by continuing to be the great friends of the mercantile credit men I have always found you.





## Constant Danger of Being Sued For Libel under Civil Laws

**Question:** What factors, such as legal or ethical, tend to limit a bank's scope of activity?

**Answer by** ROBERT G. NORWOOD  
Assistant Vice President, The  
Hanover Bank, New York City

**F**IRST let us take up the legal factors. In the exchange of credit information, we are concerned with both the criminal law and the civil law. For example, in New York State it is a violation of the criminal law to give false or misleading information where the intent is to benefit yourself. In other words, when you have a financial interest in your customer, care must be exercised that there is no intent to mislead the inquirer in such a way that the bank might benefit. This of course is not one of our daily problems but it is wise to have it in mind when dealing with a sticky situation.

It is the civil law that really poses a problem in our everyday business. Under the civil law, when disclosing unfavorable information we are in constant danger of being sued for libel, if it is written, or slander if it is given orally.

Let us say a bank develops some detrimental information on behalf of an inquirer. In such a case the bank naturally wants to give the inquirer the benefit of what has been learned so that he may be fully informed and in some cases possibly may avoid loss.

However, the lawyers tell us it is difficult to convey the essence of these unfavorable comments without danger of being sued. In fact, it is my understanding that the law looks to the intent of the communication and therefore, regardless of the words chosen to convey the unfavorable message, it may be construed as damaging to the subject of the inquiry.

I believe it is entirely proper to state matters of record such as jail sentences and legal actions, provided of course you are reporting only a man's past record and there is no malice intended.

### Danger of Losing Control of Data

It might be well to point out right here that there is more to this than knowing and having confidence in your inquirer. There is the often overlooked danger that the information supplied may get out of his control.

Our bank has had such a case. We gave information to a mercantile concern which some time later became financially involved. Among the creditors searching in its affairs was an individual representing the firm about which we had reported. He came across our letter, which was not favorable, and sued us. While we did manage to win the case, it was expensive and very upsetting.

### Reasons for Phoning Information

In an effort to be practical and to cooperate, we very often use the phone when unfavorable information is to be given to our inquirers. This is done not with the thought that it gives us any added protection, but so that we most effectively and precisely can convey the appropriate degree or shade of critical appraisal.

Possibly some of you have received a long distance telephone call from a bank and have wondered why the

bank would go to this expense to answer an inquiry. It is an example of an effort to be helpful.

I am sure a lawyer could talk for hours on the legal aspects of the exchange or credit information, but I am not a lawyer and our time is limited.

When it comes to ethics, we have no law to guide us. In fact, in the minds of many the subject of ethics is more or less vague. Sometimes some of us unconsciously think of ethics as something that applies to the other fellow. The Robert Morris Associates have published a code of ethics to which its members subscribe. While it primarily is intended for the exchange of information between banks, its principles are applicable to mercantile inquirers.

### Points Emphasized in Code

This code lays particular emphasis upon the following:

(1) It is a cardinal principle in credit investigation that we respect the confidential nature of the information received.

(2) That the name of the inquirer in whose behalf the inquiry is made should not be disclosed without permission.

(3) In answering inquiries the source of the information should not be disclosed without permission.

(4) When more than one inquiry on the same subject are sent simultaneously to banks in the same city, the names of the other banks should be set forth plainly in the inquiry. The reason for this section of the code is fairly obvious: a violation results in unnecessary duplication and expense.

(5) Each letter of inquiry should indicate specifically the object and scope of the inquiry. Without this information, the bank cannot give an intelligent reply that is fair to the customer or the inquirer.

(6) All material facts bearing on the credit standing of the subject should be disclosed. This means to me that given the purpose and amount involved in the inquiry as required in the previous section of this code, it is the duty

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*Special thanks "for their invaluable help in organizing the bank panel session" were accorded by Moderator Lawrence T. Knier to the chairmen of the cooperating committees.*

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L. T. KNIER



F. E. BYRNE



W. M. EDENS

*Frank E. Byrne, assistant treasurer and general credit manager, Cannon Mills, Inc., New York City, is chairman of the committee on cooperation with banks, of the National Association of Credit Men.*

*William M. Edens, assistant controller and head of the credit department of Continental Illinois National Bank and Trust Company, Chicago, is chairman of the Robert Morris Associates' committee on cooperation with mercantile credit executives.*

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of the bank in turn to supply data that is adequate to enable the inquirer to pass on the credit under consideration.

(7) In soliciting accounts, it is not permissible nor the part of good faith of the soliciting bank to make inquiries from a competitor without frankly disclosing the nature and object of the inquiry. It is the faithful adherence to this section of the code that is one of the major factors contributing toward the free exchange of credit information among banks.

#### ***Sometimes Limited by Customer***

In addition to this code of ethics, a bank sometimes is limited by its customer as to the amount of information it can disclose in answering inquiries. An example is the occasional injunction that financial statements are submitted to the bank in strict confidence. It is also well known that the overall relationship between a bank and its customers is confidential. This principle is well established in the United States, and it is adhered to more strictly than in some other countries.

Within these limitations, bankers recognize that they have a responsibility to their customer and to the business community to provide pertinent information in answer to legitimate inquiries coming from responsible sources.



#### **Avoid Burdening the Banks With Routine Credit Inquiry**

*Question: How can the mercantile credit department help the bank?*

*Answer by R. LYNN GALLOWAY  
General Credit Manager, Eastman  
Kodak Company, Rochester, N.Y.*

**T**OO often we are inclined to concentrate on the service we expect to receive from our bank friends, rather than on the ways in which we can be of assistance to them.

Actually, there are many ways, both tangible and intangible, in which those of us in mercantile credit departments can be of help to our contemporaries in commercial banks.

Perhaps the easiest way in which we can be helpful to banks is to avoid burdening them with routine credit inquiries. We should remember that there is a limit to the amount of personnel a bank can devote to this kind of service. Obviously, the more inquiries must be answered, the less time is available to be devoted to each one. Therefore, if we avoid the routine inquiries, we not only relieve the bank personnel of a burden, but we can help it maintain the quality of its replies on the inquiries of most importance to us.

Good letters of inquiry are an important aid to your bank. This is the second step you can take in helping your banking friends. Once you have eliminated the burden of routine inquiries for them, you also have a better opportunity to spend more time in the preparation of inquiries which are still important enough to direct their way. Be sure each of these letters includes a statement of your own experience, and your reason for inquiring about the account in question. This helps the bank to understand your interest, and to

obtain information of particular value from your own point of view.

Make sure also that each of your letters indicates the information you already have on hand and the other sources of information you have tried. This will save the bank's time and help it to avoid duplicating the information already available to you. Be as specific as you can in explaining the questions you want answered. This helps the bank to determine its own line of inquiry, and allows it to concentrate its own time and effort to your best advantage.

#### ***Write Your Own Bank Tieup***

Still another way in which you can be of help is by directing your credit inquiries to your own banking connection, rather than to those various banks mentioned by your customers. By dealing directly with banks with which you are acquainted, you relieve them of the necessity of identifying you before disclosing information which may be of a confidential nature. Again, you help yourselves by helping the banks to improve the quality of their service to you.

These, then, are some of the tangible and I believe practical ways in which we can be helpful to our banks. Now let's consider some other possibilities which may seem less tangible to us but may be considered by our banking friends to be of additional assistance to them.

#### ***Tell Others of Good Service***

When your bank provides good service on your credit inquiries, tell others in your own organization. In particular, tell those who have something to do with handling your own bank accounts and other financial transactions. Very often the service you receive and your opinion of it may influence the placing of deposits or loans of your own firm. What better way can you repay a bank for the service it has been providing to you?

You and your bank have mutual customers. They may be firms located in other areas and served by other banks which are correspondents of your own bank. It is reasonable to suppose that your customers may be the subject of inquiries by other sources of supply, who direct their inquiries either to the banks you use or the correspondents of your own bank. In addition, either your own bank or its correspondents may be giving financial assistance directly to your customers.

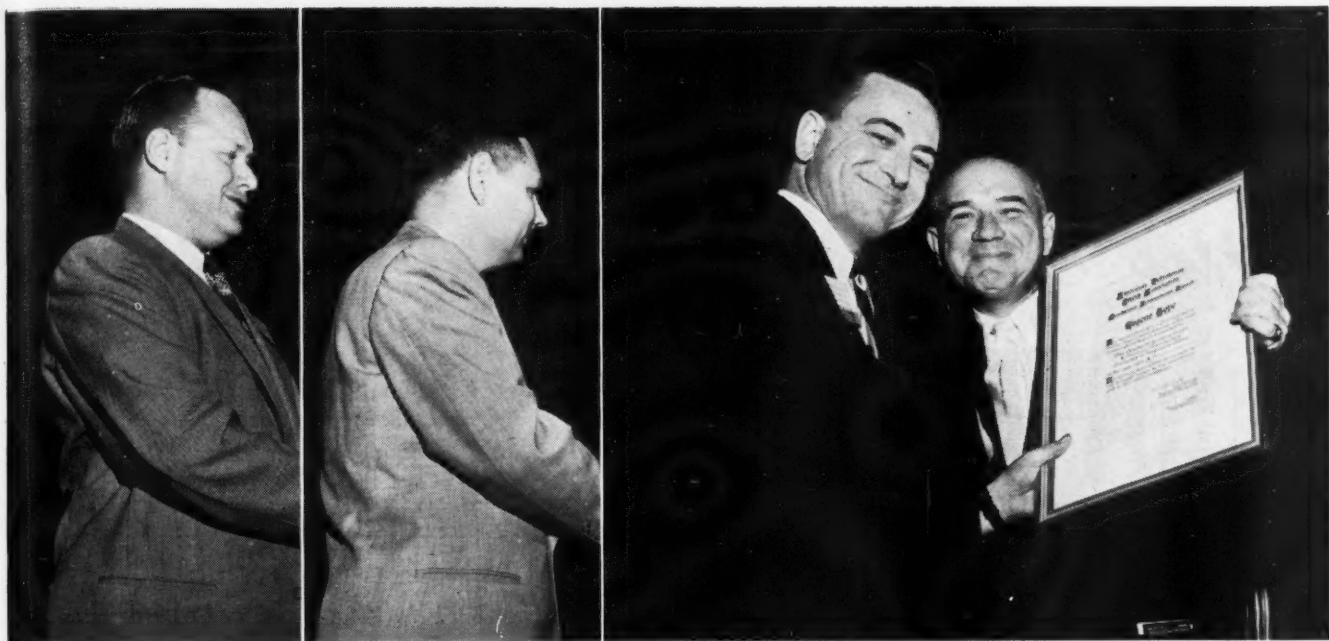
Cooperation is a two-way street. Banks may need your information to do a good job answering other inquiries, or in providing loan service to your customers. Offer and be ready to provide your own credit information when it is requested.

#### ***Loan Opportunities among Customers***

Try keeping your eyes open for loan opportunities among your own customers. Your knowledge of their business and conditions in your own industry can be of advantage to your bank in expanding its own volume while at the same time strengthening the position of your customers.

Finally, may I suggest that you are also in a position to help your banks by keeping them informed about current developments and conditions in your own industry. The better they are informed about the opportunities for business, the more they can make their services available to your industry. If you make it a practice to develop operating and financial ratios from the financial





**RECEIVING** the Meritorious Achievement Award presented annually by the American Petroleum Credit Association to the member of the graduating class of the N.A.C.M. Graduate School of Credit and Financial Management who submits the best management study report. The presentations in a three-way tie were made at the Montreal convention by Richard W. Weiler, general credit manager, The Texas Company, New York City, and president of the petroleum credit association. The three recipients, all graduates of the Dartmouth school are (l to r): Marion M. Johnson, assistant treasurer, Brown Forman Distillers Corporation, Louisville; Tull N. Gerreald, credit manager, Southern States Cooperative, Richmond; and Eugene Sype, assistant cashier, Bank of America, N.T.&S.A., Los Angeles, with Mr. Weiler.

statements you get from your customers, share this information with your banks.

The more each of us can do to keep the other elements of our credit structure properly and completely informed, the greater will be our contribution to a continuing and healthful growth in the use of commercial credit, upon which to a considerable extent rests the future economic strength of our country.



#### Give Specific Information To Insure Bank Assistance

**Question:** How can mercantile people assure themselves the best possible results from their banks?

**Answer by** ARCHIE K. DAVIS  
Senior Vice President, Wachovia Bank and Trust Company, Winston-Salem, N.C.

**U**NQUESTIONABLY, both the banking and mercantile establishments can do a better job of interchanging credit information. Therefore, anything that I might suggest to improve the approach of the mercantile establishments does not mean to say that the bankers are not without fault. Credit inquiries come in to us on items both very small and very large, directly from the mercantile establishments themselves and indirectly through their banks.

The nature of our replies, I think to be generally true, is largely conditioned by the nature of the inquiries. If the inquiry is on a printed form, of a strictly impersonal nature and concerning a relatively small amount, we

accord about the same thought and treatment to the reply as was accorded the request; that is to say, if such an item comes in on a good customer (and our experience has been satisfactory), we simply say that John Doe is a valued or good customer and that we consider him okay for the amount involved. As a rule, the routine request, involving a printed form (where the applicant does not give the bank the benefit of his own experience and other pertinent information), deserves nothing more from the bank than a very simple answer.

#### A Quid Pro Quo Arrangement

On the other hand, in cases involving fairly sizable amounts (where the applicant does go to the trouble of advising the nature of his experience and his appraisal of the customer), the banker naturally would be inclined to give a more specific and detailed reply. I find this to be generally true throughout the range of credit inquiries. If the applicant is willing to discharge his part of the credit interchange by giving information in order to receive information, a *quid pro quo* arrangement, he will generally find the banker willing to do his part.

I think, however, that he should run as many as possible of his inquiries through the established credit agencies, especially those of a routine nature. The credit agencies are much better prepared in that regard, and certainly they periodically check with the banks themselves.

#### An Outline to Procedures

It seems to me, therefore, that the mercantile people can get better results from their banks by:

- (1) Sending as few small, routine requests to the

(Continued on page 17)



# *A Problem for the Book and How It Was Solved*

## A Feature Series on MANAGEMENT AT WORK

**I**N A SMALL town on the west coast of Mexico we had three or four accounts, but one of them was outstanding. This was with the hardware store of Jose Maria Salazar. In banker's lingo, the balances on our account ran from low to medium five-figure amounts, payments ranging from prompt to a little slow on 60-day terms.

Jose Maria had come up the hard way, with little education or other advantages. He originally made a poor living as a commercial fisherman, which is an occupation largely dependent on luck and involving a great deal of hard work. Energetic and ambitious, he decided to become a merchant. Local conditions were favorable.

### *Flashes Gaudy Shirt, Large Diamond*

When we started with him the business was active and growing. Jose Maria also was blossoming out into a big shot, making up for his meager youth with such luxuries as gaudy sport shirts and a large, yellowish diamond. Our salesman loved him because he always was good for an order, often for a large one.

No one ever had explained the word "turnover" to him, so he bought freely. On an item where one dozen would be a normal order, he probably would order five dozen or, better still, a gross. Fifty coal and wood stoves might cover his annual needs, but he thought nothing of buying a carload so as to take advantage of the additional 5 per cent discount on a quantity purchase.

In a rather short time his payments became so slow as to cause us to hold up shipments. Our balance was substantial, and a local competitor had an account almost as large. In spite of conventional rivalry, we got together with the competitor,



*DISCUSSING the "credit problem—Mexican style" are (l. to r.) Reuben Momsen, vice president and treasurer of the Momsen Dunnegan Ryan Company, El Paso; A. A. Martin, vice president and credit manager; Gus Momsen, president; and Leo Momsen, vice president and secretary.*

pooling our interests for the purpose of saving the account.

The export managers of the two houses—both good Spanish speakers—journeyed together to the customer's town. They had received careful briefing. Their first job was to get the two open accounts consolidated into a series of "letras de cambio" (trade acceptances), as it is difficult to enforce the collection of open accounts in Mexico and other Latin American countries. As a matter of convenience, the letras were made payable to our salesman, who was a Mexican citizen. He indorsed the documents to us and we undertook to collect and prorate the pro-

ceeds of this emergency arrangement.

Our representatives also obtained a financial statement of sorts which showed moderate indebtedness, a tiny cash item, and a tremendously large merchandise inventory.

### *Obtain Mortgage on Store*

The trade acceptances were payable monthly in reasonable amounts, and extended over more than a year. We insisted on collateral security for the long extension. This was obtained in the shape of a mortgage on the customer's store property. The property was free of encumbrance and seemed to represent quite a bit of value. The boys had the mortgage recorded in the Registro Publico and

**T**HE ACCOMPANYING delightful panorama of a credit problem—Mexican style—is presented by A. A. Martin, vice president and credit manager of Momsen Dunnegan Ryan Company of El Paso.

Mr. Martin, Coloradoan by birth, received a degree in law from Northwestern University, practiced in Chicago, then entered the credit department of Hibbard, Spencer, Bartlett and Company in 1912, leaving five years later for the El Paso connection as credit manager.

Momsen Dunnegan Ryan Company, founded 65 years ago by the late Gus Momsen, Sr., father of the president, wholesales hardware, plumbing goods, houseware and electric appliances from Midland, Texas, to the California line, and to the heart of Mexico, with branches in Phoenix and Albuquerque. Reuben Momsen, treasurer, and Leo Momsen, secretary, are also sons of the founder.

came home feeling quite satisfied with the result of their collection efforts.

The first two acceptances were paid promptly, but after that the customer went into a great silence which our urgent letters and telegrams were unable to penetrate. The situation was uncomfortable, as we did not want to get into any liquidation in a foreign country and we could not get any effective representation in the customer's town. There was no reputable attorney there and the only bank had a small loan outstanding with Jose Maria, so we could expect no help from that quarter.

We finally applied to an attorney in Juarez. He promptly informed us that our acceptances were in good order but that our mortgage was not properly registered so as to constitute a lien on the real estate.

We finally wound up by standing the expense of sending an assistant from his office by airplane to the customer's town to correct the registration. This representative also collected one letra, and the remain-items eventually were paid, although with considerable delay.

The real estate mortgage was released and returned to Jose Maria, who still buys from us occasionally on a C.O.D. basis and continues to stagger along with a ridiculously unbalanced stock of merchandise.

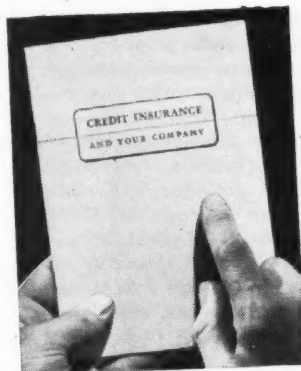
The salesman reports that he has another flashy, off-color diamond.

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# American Credit Insurance



# TRENDS — —

## IN BUSINESS AND FINANCE

### Would Control "Booms" Too

SPEAKING of controls, a popular pastime—well, a pastime—Dr. Arthur F. Burns, economic advisor to the President, reports to the directors of the National Bureau of Economic Research that "there is need to clarify the work of policymakers who, while earnestly resolved to do away with depressions, sometimes seem to neglect the need of controlling 'booms' and trust exclusively in our ability to check any contraction that may get underway."

Paul E. Crocker, treasurer, Pepperell Manufacturing Company, has a different idea about that. Addressing the General Management Conference in New York, Mr. Crocker declared that industry is "closer to the factors that control 'booms' and depressions than the Government, and it is our primary responsibility to take counter action so that Government intervention will not be needed."

Suggesting that business get ready to shift gears, he proposed that it take a good look at its balance sheet, purchase and sales commitments, and inventories.

President Keith S. McHugh of the New York Telephone Company told the conference that practical public relations starts with a good product or service, but thoughtful managers also are now giving "as much attention to public relations problems as to those of production, sales and industrial relations."

### High Level Business Seen

BUSINESS for this second half of the year will continue at high levels, the credit policy commission of the American Bankers Association finds in a roundup of opinions of bankers in all Federal Reserve districts.

"Business activities generally continue to roll along at a rapid pace, with no immediate indication of slowing down," says the commission chairman, Fred F. Florence, president of the Republic National Bank of Dallas. "Inventories at the present time (July) seem to be in balance, with the exception of manufacturers engaged in defense work, where heavy inventories are to be expected. The overall construction industry should continue at about the same level as at the present time, although there may be a tapering off on housing construction in certain

areas of the country. It appears that the overall credit position of the country is sound."

Most bankers predicted continued demand for loans at the current high rate or better, a slackening in applications for mortgage and construction loans, anticipation by farm customers of some decline in incomes and uncertainties in markets, cattlemen preparing to clear seasonal borrowings at fall sales, slowing of the used car market following heavy production of new autos.

The commission reported merchants were increasing collection efforts and bankers were doing a more thorough screening of loan applications.

### Aisle and Blockade

*Doubling the capacity of Westinghouse Electric Company's East Pittsburgh plant to produce huge electric generators and large motors is the seven-story production aisle, longer than three football fields, which has just been unveiled. Yet Government contracts to foreign companies since January 1st last year have cost this plant alone "more than \$7 millions of business and about a million man-hours of work" by factory employees, to say nothing of \$1.8 millions in taxes lost to the Government, the 8,000 workers at the unveiling were told by John K. Hodnette, vice president in charge of the company's industrial products divisions.*

*Mr. Hodnette laid the underbidding to the low foreign wages. The East Pittsburgh average worker pay is above the all-Westinghouse average of \$2.10 an hour, contrasted with Switzerland's 53 cents, England's 43, France's 41 and Italy's 31 cents, as of June last year, the latest figures available.*

*Half of the Government's 1953 orders have yet to be placed; of the other half, two have gone to foreign companies to one American, "a sure tip-off of what's going to happen if we don't do something," Mr. Hodnette warned.*

*But, Mr. Hodnette, haven't you heard? American industry is supposed to clap hands at an opportunity to "sacrifice" in favor of other nations' business.*

### Denies Auto Overproduction

TAKING ISSUE with the Federal Reserve Board and the American Bankers Association, President James J. Nance of the Packard Motor Car Company not only denies that the automobile industry is over-producing but says the ratio of disposable income to time sales is "about 9.6 per cent today compared with 10 per cent in 1940" and adds, "It would make as much sense if the auto industry were to counter-charge that banks are under-financed."

Starting his second year as chief executive of Packard, Mr. Nance declared his conviction that American business is "on the verge of a new era," highly competitive.

### Consumer Credit Status

COMPARING Canadian and United States consumer credit status shows likenesses.

The Bank of Montreal notes a 51 per cent increase, \$519 millions in nine months at the end of 1952, and observes that "intimations from official sources of a tapering-off this year in the rate of increase point to a change in the patterns of demand that may affect those lines in which sales have been particularly buoyant in recent months."

Here in the States, the National Industrial Conference Board estimates an increase of more than 50 per cent since the end of World War II, with more than half the families now having a net worth of \$7,500 or more, with insurance ownership by three-fourths of all families.

### Some Close Parallels

Close parallels between proposals voiced at the Montreal gathering of credit men of both sides of the border are drawn by comparisons with pronouncements from other sources in the States. For example:

John Jay Hopkins, chairman of Consolidated Vultee Corporation of San Diego, urged removal of restrictions against the use of atomic energy for civilian pursuits. Now comes an editorial in Collier's headed "Give Us the Go-Ahead" and emphasizing that the "original conception of using atomic energy was as a source of power, not of explosives."

Graham Towers of the Bank of



## To Get Banks' Cooperation, Give Cooperation (Concluded from Page 13)

banks as possible, getting this information generally through the established credit agencies.

(2) Giving specific information in their requests, such as

- A. The amount of the order.
- B. Whether the account is new.
- C. Type of merchandise to be sold.
- D. The credit limit being considered.
- E. Any other pertinent data relative to financial information, paying experience and their own evaluation of the account.

(3) Routing certain major requests for credit information through their own bank. Often that bank will ad-

dress the question to a bank or banker well known to it, and such contacts generally create an excellent atmosphere for the interchange of credit information.

In summary, the banker's attitude is going to be conditioned and regulated largely by the manner in which he is approached, by the amount involved and somewhat by his knowledge of the applicant. This latter point will undoubtedly raise considerable discussion because the small, unknown applicant for credit information might feel that he is entitled to the same treatment and consideration as the large, well known firm. Theoretically he is right, but again it stands to reason that you will attempt to do more for someone you know.

Canada told the International Congress that not only should tariff barriers to trade be pulled away but ways should be found to clear such obstacles as the long delays in the trying of cases in U.S. customs court.

And the National Foreign Trade Council, in a statement to the House ways and means committee in connection with H.R. 5106, charges that "the archaic, highly complex and extremely restrictive valuation provisions of the customs administrative law of this country are responsible for the exasperating uncertainties, extraordinary difficulties and prolonged delays involved in clearing many articles of foreign merchandise through the customs portals of the United States."

### Food Reorder Credits

WHILE the National Instalment Credit Conference was in progress in Chicago, John Bess, president of Freshmaster Corporation and founder of FOA Marketers, Inc., was planting some thistles under the bankers, chiding them for lack of support of food reorders to freezer food plan participants, particularly after satisfactory payment of the first four monthly instalments.

"The great problem," said Mr. Bess, "is the lack of knowledge or information by the lower echelons or individuals responsible for acceptance or rejection of an individual credit risk."

He cited the FOA Marketers' new type of contract which gives the banker an opportunity to make a loan over a four-month period and the consumer a chance to commit himself for a 12-month loan to cover his food needs. This is done by splitting the basis for the loan into three segments of four months each, with a maximum outstanding on the

part of the bank, never exceeding one-third of the amount of the total loan for the year.

### Figures Don't Lie?

WHAT this country needs is not so much the late Joe Cannon's "good five-cent cigar" as an accurate picture of how many nickels there are in the national income, says a survey team quoted by the American Economic Foundation. Try to unscramble these so-called statistics: for 1949, (last available) according

### Pigeons and Banks

*When a financial writer commented, "Pigeons love to visit banks, whether or not people do," President Walter R. Bimson, Valley National Bank, Phoenix, listened. Perhaps that is part of the reason why H. A. Leggett is now vice president and economist of the bank.*

*This was preliminary to the appearance of a series of one-column advertisements in The Saturday Review bearing the heading "Economic Hypochondria." Mr. Leggett wrote the column, Valley National bought the space.*

*A sentence from the advertisement: "It is difficult to compete with the precise and pontifical pronouncements of Messrs. Kiplinger, Winchell, et al . . . (but) there is only one thing of which we almost can be sure . . . when the year-end reports are published, corporate assets will balance exactly to the penny with corporate liabilities."*

*Says President Bimson: "We want you easterners to know that we're a bunch of human beings out here"—and adds that the mausoleum-esque tone is coming off bank interiors and ad copy.*

to the Bureau of Internal Revenue, the total was \$161.373 billions; the Department of Commerce put it at \$205.065 billions; the Federal Reserve Survey of Consumer Finance gave \$170 billions.

A breakdown compounds the confusion, the researchers point out. The Treasury Department bases income distribution by classes upon personal income tax returns, the Bureau of Census on "what the census takers found at the front door," and between the two almost anything can be proved. The Federal Reserve concludes that in 1951 the highest tenth received 28 per cent of the income after taxes; the Bureau of Internal Revenue reaches a figure of 10 per cent.

### "Crashing" the Supermart

PLACEMENT of products of non-food manufacturers in supermarkets and chain stores is the service project of a new concern, the Super-Marketing Organization, Newark, N.J. A complete merchandising program is built for the manufacturer—designing and packaging, distribution setup, and test campaigns by direct mail, market research, advertising and publicity.

### Writin' an' Speakin'

TOO MANY college graduates lack the ability to communicate, either orally or in writing, so the chore is handed on to the ones who hire them, says a survey of the Controllers Institute of America.

Mastery of the art of public speaking, with the help of modern sound recording equipment, is one way out of the difficulty, says Walter Mitchell, Jr., managing director of the Institute.

*Ernest A. Ruchstad*

# Crooked Bankrupt Rarely Escapes If Creditors Have Will to Nip Him

*"I have yet to see a case where a crooked bankrupt has been able to get away with it."*—  
Maxwell S. Mattuck.

**P**ROVIDED the creditors and the prosecuting authorities are diligent, credit frauds can be ferreted



M. S. MATTUCK

out and punished, though many and varied are the ruses attempted by credit swindlers. There are the fake fire, the fabricated burglary, the mail fraud, and many others—and then there is the "gambling loss" alibi.

"Lawyers are often confronted with situations where clients have been victimized by debtors who, having obtained credit, refuse to or are unable to pay when the bill is due," says Attorney Maxwell S. Mattuck, New York, of Mattuck & Mattuck.

"The federal bankruptcy laws providing for the relief of indigent honest debtors provide also for the punishment of the dishonest ones. Specifically they have made it criminal for a bankrupt fraudulently to conceal from the receiver or trustee any property belonging to the bankrupt's estate. 'Concealment' is an extremely flexible description of the prescribed conduct and is often defined as 'withholding' by the bankrupt from the receiver or other officer any money or property which should go to the creditors. Since obviously no debtor contemplating bankruptcy is apt to let the world in on his plan to cheat his creditors, the proof of the concealment of assets must of necessity be circumstantial. Only on the rarest of occasions are there eyewitnesses.

"But since circumstances are often more damning than what purport to be direct proofs, the crooked bankrupt will rarely escape, granted the will and the persistence of the creditors to see him punished."

The background against which the credit swindler operates is sketched by Mr. Mattuck.

"Picture, if you will, a business man with a conscience sufficiently

## SCORECARD

*For checkup of submitted financial statements to help bring fraud perpetrators to justice, the Fraud Prevention Department of the National Association of Credit Men, John C. Fredell, Jr., director, offers these suggestions:*

1. **AVOID ESTIMATED STATEMENTS:** Prosecutors almost invariably reject, as a basis for prosecution, statements in round numbers and bearing the word "estimated."
2. **MAKE SURE OF DATE:** Do not accept a statement not stating the date it was prepared or the date the figures are supposed to reflect, or if the dates are inconsistent.
3. **BE CERTAIN OF SIGNATURE:** The statement should be signed by the debtor and preferably by a witness also. Have the customer sign each paper. Prosecution was declined in a recent instance of an unsigned statement though investigation established the financial statement was materially false.
4. **DO NOT ASSIST CUSTOMER IN PREPARING STATEMENT:** Proof of knowledge of falsity of the debtor is made difficult.
5. **WHERE POSSIBLE, INSIST ON MAILED STATEMENTS:** Be wary of the customer who obviously goes out of his way to deliver his statement by hand. Warn your representatives not to mail it for him. Mail fraud is a felony; the usual state statute on false statements makes them only misdemeanors.
6. **RETAIN PROOF OF MAILING:** Correspondence from a fraudulent debtor may be valid evidence. Save envelopes and letters from a debtor asking extension of time on a past due account, also correspondence dealing with N.S.F. checks.

elastic to entertain the idea of profiting by going into bankruptcy. He has bought considerable merchandise on credit, owes a lot of money, but would like to keep some of the assets for himself. He thereupon studies means to avoid detection. A number of plans might suggest themselves. One might be to stage a fake fire, another to fabricate a burglary or robbery. On reflection, or perhaps on further study, he will find that in either event the police will appear immediately and their on-the-spot investigation will disprove his claim that the property to be accounted for to his creditors could have disappeared by reason of the fire or robbery.

### *So He Decides to Blame Gambling*

"A far more practicable plan, he finally decides, and one that might serve as an illustration for purposes of this discussion, would be to sell the merchandise, pocket the proceeds, go into bankruptcy, and claim the money had been lost at gambling. This plan he puts into effect, goes (or is thrown) into bankruptcy, and creditors are confronted by what he thinks is a perfect explanation for

the disappearance of his assets. Now what happens?"

Mr. Mattuck, who is counsel of the Fraud Prevention Department of the National Association of Credit Men, here traces some basic legal principles governing prosecution of cases involving concealment of assets. First he emphasizes that for successful prosecution it is not necessary to find such assets in the swindler's physical possession.

"A large shrinkage or disappearance of the bankrupt's property within a short period preceding the bankruptcy is sufficient to put him to the onus of a credible explanation for its disappearance.

"In other words, the prosecution has made out a prima facie case of concealment by showing that the bankrupt has not delivered to the receiver or trustee all the property that should have been and could have been turned over to them. Thereupon the 'burden of going forward with the evidence' shifts to the bankrupt, whose duty it then is to explain and account for the shortage.

"In the final analysis it becomes a question for the jury, and the re-



**MAXWELL S. MATTUCK**, graduate of Harvard College and Harvard Law School, is a former assistant U.S. attorney and chief of the Criminal Division of the Southern District of New York.

Partner in the New York law firm of Mattuck and Mattuck, he is counsel of the Fraud Prevention Department of the National Association of Credit Men.

jection or acceptance of the bankrupt's explanation or accounting is entirely within its province."

The alibi of loss by gambling runs head-on against proving such loss because of the absence of factual details. A hypothetical case is presented to establish the point.

"A merchandise or cash shortage has been proven and the bankrupt now has the job of accounting. His defense is that gambling losses are the explanation. Believe it or not, this defense if not fraudulent (at least in the case of an individual as distinguished from a corporate bankrupt) is sufficient to relieve him of any criminal liability. The reasoning is that since he has title to the merchandise he has the right to dispose of it as he pleases, which very disposition negatives the possibility of concealment or withholding from creditors.

"The difficulties of proof that confront him, if it is a fabricated defense, are so great, however, it is truly amazing that this particular defense is attempted so often.

"The mere statement by the bankrupt, when he takes the stand to account, that he suffered severe gambling losses is hardly likely by itself to impress a jury as sufficiently credible to justify its acceptance without more.

"On cross-examination, if not on his own direct case, he will have to supply details,—where, when, what tracks, what horses, the discarded mutuel tickets, what records. All these will be lacking, and in the absence of such substantiating or corroborative proofs the defendant is sunk. This writer has yet to see a case where a crooked bankrupt has been able to get away with it."

#### **Bankrupt's Books First Source**

How to discover the shortage and determine its size? Turn to the bankrupt's books, says the writer.

"Where cash is involved it is comparatively simple,—the check books may show large withdrawals of cash with no credible reasonable ex-

(Continued on page 28)



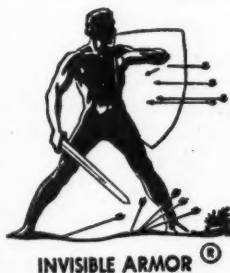
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# SPADEWORK FOR CREDIT DECISIONS

## *Credit Manager with "Green Thumb" Grows Profit out of Knowledge*

A "GREEN THUMB" is as valuable to a credit man, grower of the "green" that makes for



W. R. LENGA

business volume and profit, as it is to a horticulturist. In both areas neither arithmetical averages nor a book of directions suffices. Study, analysis, reasoning and experience are weathervanes to the sound decision in either field.

Decision-making ability is a propensity for "mentally appraising a situation, assembling available information, and developing a plan of constructive action to arrive at a conclusion," says William R. Lenga, Cleveland central office credit manager of the American Steel & Wire Division of the United States Steel Corporation.

Effective consideration of a given credit problem, he adds, calls for these approaches:

- (1) Visualizing the situation as a whole;
- (2) Ascertaining or determining the objective;
- (3) Awareness that the developed facts are adequate, and
- (4) Giving due recognition to the elements of time changes, imponderables, and outside or inter-company restrictions.

"It is essential that the credit man understand the degree, scope, and magnitude of the credit department's responsibility. This may embrace a wide area, not only to avoid losses and unwarranted risks but to enhance profitable sales opportunities as well as to develop customers' goodwill and cordial relations."

### **Establish Objectives First**

This entails having the answers to questions as to objectives in sizing up a credit risk, such as determination of safe lines of credit, setting terms for ultimate collection of the account, developing a profitable customer, extending friendly interest and counsel, also the company's sales

objective, the product purchased, the profit on that product, competition, production rate and backlog, and the general situation in the industry. "Lack of proper perspective or understanding results in lack of proper esteem for the ethics and value of credit," bringing "not only losses in the form of bad debts but of repeat business as well."

Attaining the starting point for a new decision, members of the Credo Club were told, represents progress of knowledge, "not from the unknown to the known, but from a state of partial and incomplete knowledge to one that urges us to greater perfection, hence new

and planned policies. The problem obviously was not that of passing on their orders. It was resolved in whether the management could be enlightened to calculate and operate for the present as well as anticipate for the future under a sound program."

### **Analysis—and Some Precautions**

After attuning the investigation to the particular problem so that trustworthy and adequate information is obtained on all phases of the credit applicant's operations and management, there comes the analysis and interpretation. However, Mr. Lenga cautions, "it must be recognized that in the factual information

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**Establishment of a credit conclusion or decision is a fourfold process, says William R. Lenga. The four stages are:**

- (1) Clear definition of the problem;
  - (2) Neutral mental approach or attitude of mind;
  - (3) Breakup of the problem into its constituent problems and factors, by comparing and contrasting recognized facts and estimating their relative importance;
  - (4) Verification of the decision by applying a fresh point of view.
- 

decisions," with consideration to fundamentals rather than trivia.

Mr. Lenga presents the case history of a company in business more than a quarter century.

"The company had been a steady customer, but always seemed to be short of working capital and was faced with one problem or another. They were visited when they reported a loss on operations, difficulty in obtaining steel, and an expression of doubt in meeting current bills. An overall appraisal of the situation prompted the question why an organization with a good product, satisfied customers, good labor relations, and in a position to make money, was invariably confronted with emergency situations.

"An analysis of the business history and an appraisal of management disclosed the following facts: Managerial skill, though sufficiently competent in some respects, had not kept pace with the growth of business requirements. Operations lacked guidance under consistent

regarding a company's management, product, financial situation, position in the industry, general economic conditions, and so on, there may be extenuating factors deserving recognition in evaluating the risk.

"Some of these may have to do with the element of time changes involving the exact period of the cycle in which business finds itself. Others may be concerned with the imponderables and outside or inter-company restrictions. These may pertain to the difficulty of obtaining sufficient accurate facts. On the other hand, the variables may be numerous and possibly controversial, or may even attract criticism. One must, therefore, be conscious of limitations and expect errors or omissions, also expect modifications in the determinations or decisions reached with the admission of new facts."

While most men can come to sound conclusions by considering a set of facts, "not everyone has the foresight, imagination, or whatever

you may call it, that enables him to view situations in a new light or see ways of doing things that will accomplish more satisfactory results or arrive at more practical decisions.

"This capacity to work out practical solutions to business or credit problems must be acquired largely through exposure to the questions or problems. It will assist a credit man to cultivate qualities of mind, to organize and weigh all factors including various opinions, together with the probabilities of human nature, and thereby develop judgment. As he classifies and compares his experiences in an open and receptive attitude, he will gain breadth of vision and will add specialized tools designed for the kind of problems with which he may have to deal."

#### **Surface-Thinking Ruled Out**

There is no place for surface-thinking in today's credit operation, Mr. Lenga stresses. "It is essential that exploration be made of the inner workings of the almost uncontrollable economic activity which changes the courses of individual lives, of nations, of the world. An understanding of the past business experience of our nation may well be the basis to form opinions of what may happen tomorrow, thereby leading us to more intelligent credit decisions.

"Some credit men remember the price inflation and deflation of the '20's. Others recall vividly the dissipated markets of the '30's. In fact, we are now faced with a period in which we may see some changes come about in profits, prices, wages, and, we hope, taxes. The renewal of knowledge pertaining to the cycles of business, and examination of historical data in our credit files, should contribute immeasurably to sound conclusions and elimination of frantic, last-minute moves when faced with rugged economic weather."

#### **Control of Prejudices Essential**

Discussing a formula given by A. W. Shaw, onetime Harvard lecturer on business policy, and its application to a complex problem of many factors, Mr. Lenga notes that "it is too much to expect any business man to be able to obliterate entirely any pre-conceived impressions or prejudices. It is required, however, that these be controlled; otherwise, inaccurate observations might influence the conclusions reached."

He cites various types of prejudices. "Personal prejudices result-

ing from life-long habits may pertain to an individual's temperament, imagination and emotions or feelings. Then there are those prejudices secured through contacts, which may arise by virtue of training, tradition or custom, and, in a stronger sense, conclusions or statements of authority. It is particularly desirable in an approach to a credit decision to strive for a neutral turn of mind, and think only of the facts and factors having a bearing on the problem."

#### **Problem Usually Has Several Facets**

A number of varying factors usually makes up a problem, he continues. "The listing of the pros and cons, or the advantages and disadvantages, with respect to each, makes it simpler to deal with the problem. That enables you to deal not only with the many variables

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**W**HEN William R. Lenga received his diploma from Fenn College in Cleveland, he specialized in training in credit and business management and finance before joining the American Steel & Wire Division of the United States Steel Corporation as credit manager in the New York office. Three years later, in 1946, he transferred to the Division's central offices in Cleveland, supervising credits in that general area.

A director of the Cleveland Association of Credit Men and member of the National Credit Research Foundation, Mr. Lenga for a time was on the Fenn College faculty.

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in somewhat mathematical fashion, but also enables you to see them in black and white. As the various factors are resolved and weighed by a process of elimination, you can decide on the more important points to be considered. In a logical study we all realize that the surest way for the most accurate conclusion is to reduce the principal problem to the fewest possible important factors or variables. The task of discovering the relationships is thus less complex and the possibility of influencing a solution is greatly simplified."

Temporary suspension of judgment sometimes becomes desirable after a tentative decision has been reached. "This provides an opportunity to obtain a fresh point of view, to review the conclusion with someone else, or to put the problem aside for a while and review it at a subsequent time as an entirely new problem. Because most busi-

ness facts are relative, it is possible that a readjustment of the viewpoint will bring to mind the desire to know more about the what, when, how, where, who and why."

Effective working with others, to get things done, is essential, says the credit manager, because of the "mutual dependence and complexity of human association, as well as the task of coping with changing conditions." Hence, action on a decision "must be accomplished through various media of communication, by working through people in handling both the internal relationships within the company—that is, superiors, operating, sales, and other departments—as well as external relationships, taking into consideration other concerns or suppliers, channels of credit inquiry and, of course, customers."

#### **Unified Program from Management**

Quality of the executive management is one of the variables, "tangible and intangible, responsible for a given financial condition in any business."

"No business can move forward surely and safely without the play and interplay of forces which lie at the heart of its profit structure. The management must furnish proposed plans and a program which relate all company activities to each other, and which are intended as guides for future action. It must provide accounts, facts, and measures of performance; it must measure resources and manage funds, and finally, it must check results so that the course of planned action may be steered to progress. It should know the margin of safety between important balance sheet ratios, and to some degree as it pertains to our economic structure and government actions. It must know both in absolute and relative form the operating relationship between cost, and price, and volume."

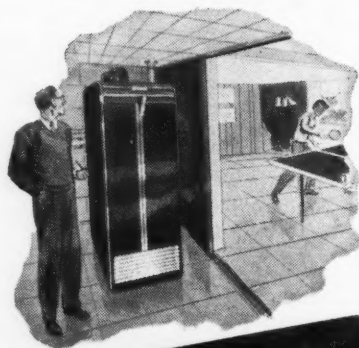
#### **Investigation, Not Guesswork**

The credit man, Mr. Lenga emphasizes, need not guess about the past, about the present, or about anything on which facts are available. He should make proper investigation and ascertain all the facts, then weigh the analysis. Since the test of a credit man's ability is his capacity to appraise marginal risks—and collection of an account begins when the credit decision is made—an understanding of the full scope of business responsibility is at once his opportunity—and challenge.



This booklet is  
being offered to  
**home  
builders**  
*..for YOU!*

## Plan against heating or cooking fires



ABOUT **20%** of fires arise from the heating or cooking facilities.

AT LEAST **19%** of the property loss is due to such fires.

**PROVIDE** proper construction for all built-in features such as fireplaces and chimneys.

**PROVIDE** proper installation for all stoves, furnaces and heating equipment.



### FIRE CONTROL

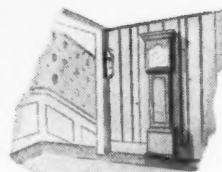
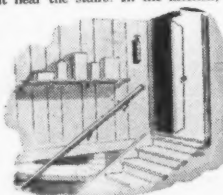
This booklet's helpful hints on safety are extremely useful to everyone who ever has occasion to build, remodel, make repairs or improvements. These are a few typical subjects which are fully discussed:

- PLAN YOUR GROUNDS
- PLAN YOUR ENTRANCES
- PLAN YOUR WORK AREAS
- PLAN YOUR TRAFFIC WAYS
- PLAN AGAINST OUTSIDE FIRES
- PLAN AGAINST HEATING OR COOKING FIRES
- PLAN TO RETARD FIRES
- PLAN PROTECTION FROM WIND-STORMS

Your Home Special Agent can supply you with copies of "How to Build..." to suit your needs.

A fire alarm could be planned for your house with little extra cost and great increase in safety, especially in homes with young children and elderly persons. Alarm bells should ring on the main floor and in each second-floor bedroom.

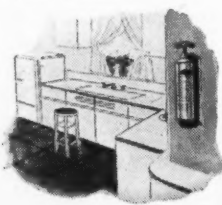
Fire extinguishers should be placed on each floor—installed between the probable source of flames and the nearest exit. In the basement, place it near the stairs. In the kitchen,



near a door. On the second floor, in the hallway near the stairs. A soda-acid or water-type extinguisher will do for ordinary fires of wood, paper or rubbish. A foam extinguisher will also handle fires in flammable liquids—grease, oil, gasoline, kerosene and paint. A small extinguisher of the carbon-tetrachloride type (same as in your car) is advisable for fighting electrical fires, and is handy for fires in flammable liquids.

A faucet threaded to take the garden hose is also helpful in fighting fires. Such threaded faucets should be installed in the basement or laundry and outdoors on either side of the house.

A sprinkler installation might be made in the basement, where most fires start, with sprinkler heads over the furnace and the stairs leading up from basement.



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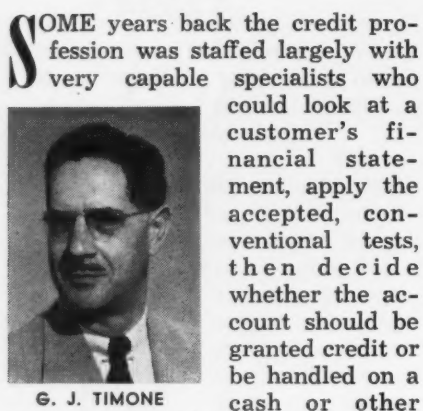
and brokers, is America's leading insurance protector of American homes and the homes of American industry.

# Modern Credit Mountain Moves to Mahon

## Wherein a Supplier Turns Warehouser—and a Customer Prospe.

By **GILBERT J. TIMONE**

*General Credit Manager*  
Pan American Petroleum & Transport Co.  
New York, N.Y.



G. J. TIMONE

SOME years back the credit profession was staffed largely with very capable specialists who could look at a customer's financial statement, apply the accepted, conventional tests, then decide whether the account should be granted credit or be handled on a cash or other

shortened basis. That procedure worked well enough so long as the yardstick of a credit manager's efficiency and value to the company was the size of his bad debt losses.

In the last 15 or 20 years, however, the credit profession has undergone a great evolution. The successful credit manager of today may be likened to a doctor of medicine in his approach to such problems.

The more progressive credit men today look upon each customer in the same way the doctor examines his patient. Not only does the physician seek to ascertain the ailment which causes the complaint, but he prescribes medications and treatments calculated to remedy the trouble and place his patient back on his feet in good physical condition.

Similarly, the forward looking credit manager, in addition to the analysis he makes of his customer's financial condition, now suggests remedial measures which, if followed faithfully, will restore the financial health of the customer and eventually improve his company's outlet, from the points of view of stability and volume handled.

Among others, there is one area in particular in which our company has been able to render great assistance to distributors in need of temporary help and guidance, and I am certain that many credit managers must have at least one

AFTER studying business administration at Columbia University in New York, Gilbert J. Timone joined the New York office of Credit Lyonnais, French bank. He left for southern California in 1927, returned east six months later and became a credit and collection assistant for Saks Fifth Avenue. In January 1936 he became associated with Pan American Petroleum & Transport Company. Last fall he was advanced to general credit manager.

Member of the New York Credit and Financial Management Association and the American Petroleum Credit Association, Mr. Timone is also a trustee of the Village of Hastings-on-Hudson, N.Y.

ailing customer who resembles this description:

- (1) Of proven honesty;
- (2) Short of cash;
- (3) Burdened with a top-heavy but not sufficiently diversified line of your products;
- (4) Otherwise sound in general operations.

Then there are other normally good customers whose stocks are incomplete only because they are neither willing nor able to tie up their cash in carrying a representative assortment of merchandise.

Most credit managers also have run into situations warranting drastic remedies such as a curtailed line of credit or restricted terms which, if administered, might either force the customer out of business or precipitate bankruptcy.

### *A Remedy with No Expense*

A rather obvious remedy for this type of patient is readily available if the outlet markets your products primarily. A plan tried very successfully by our company has ample precedent, is simple to inaugurate and administer, and, best of all, imposes no expense either to the customer or the supplier.

After having encountered several situations similar to those outlined, which were solved to our satisfaction by suggesting the employment of one of the recognized field warehousing companies, the thought occurred that under certain circum-

stances our company itself might play the part of the field warehousing company.

It is as simple as that, and here are the steps we follow:

1. Make certain that our company is qualified to do business in the state in which the customer is located.

2. Execute a valid lease for our customer's tanks or other storage space, which must be fully enclosed. (Customer is required to provide insurance.)

3. Clearly mark the tanks and storehouse to the effect that the merchandise stored is our property.

4. Take from the employment of the customer a senior employee and place him on our payroll to discharge the duties of warehouseman. (His salary, though paid by us, is charged back to the customer.)

5. Repurchase at the original selling price all of our products already in the possession of the customer and make certain it is stored within the premises leased to us.

6. Direct all subsequent shipments to ourselves at the customer's place of business.

7. Provide our warehouseman with required receiving and release forms together with instructions regarding the terms and conditions under which he may release merchandise to our customer.

8. Arrange for periodic checks by our traveling auditor, who performs similar duties at our own bulk plants and terminals.

These arrangements have been maintained until the symptoms which made them desirable have been eliminated.

The net benefits for our customers, as well as ourselves, have been:

(a) The customer has received prompt relief in time of emergency.

(b) It has not cost him one cent.

(c) He has been able to do a better merchandising job.

(d) We have promoted his goodwill and knit closer ties of mutual esteem.

(e) It has cost us virtually nothing.

(f) We have preserved a customer and left him in better condition to handle even more of our products.

In passing along our successful experience with this modified form



field warehousing, I would stress following points on which ordinary caution should be employed:

1. Check the plan with your own legal department for peculiarities involving your products or the states in which you do business.

2. Ascertain whether your customer's premises are adaptable to the proposed warehousing setup.

3. Make sure that the lease is in proper legal form.

4. It is highly important that the merchandise stored be clearly segregated from that which may belong to your customer or to others.

5. Verify that the signs indicating your ownership of the merchandise are clearly posted.

6. Issue crystal clear instructions to your warehouseman, as he must have continued control over your products and must account to you for forms, credit limit, terms, etc.

7. It should be made plain to the customer and to all those interested that your sole purpose and interest in invoking such an arrangement is to help the customer solve his own financial difficulties which did not arise through your fault. Also, you should emphasize that when the customer has been cured of his trouble, he then can buy again on a normal credit basis and it will be proper to eliminate the lease and withdraw from the local warehousing picture.

Unless something else is organically wrong which cannot be cured by inventory financing, your patient soon will start showing signs of recuperating his economic health. His pulse will begin to quicken. He will begin to pay his invoices promptly and even be reaching out for discounts here and there. Eventually the entire tone of the customer's operations will be healthier, and you as the financial and economic doctor will discharge the patient with a clean bill of health.

#### Wisconsin "U" Auditor School

A three-year program of two-week sessions each summer in a school for bank auditors and controllers was started last month at the University of Wisconsin, with joint sponsorship of the University and the national association.

#### Sales Executives Honor Fairless

Benjamin F. Fairless, as chairman of United States Steel Corporation, was presented with the award as Business Statesman of the Year, at the annual convention of the National Sales Executives, Inc., at Atlantic City.



## Put out of business for nine weeks

...but we made our regular  
profit just the same

(A true story based on Company File H-50-5618)

We were the victims of fire—fire that set us on the sidelines.

Our property losses were covered by fire insurance. But we had another kind of loss. It took nine weeks to fix up the store and to get new stock.

Fortunately, we had Business Interruption Insurance. This not only covered our continuing expenses, but gave us the profit we'd have made, had we been doing "business as usual" during the entire time.

Suppose you—or one of your borrowers—were put out of business for nine weeks?

Certain expenses must still be paid. There's rent, interest and miscellaneous overhead. Taxes. Salaries. Where would the money come from? And what about the profit that would normally have been earned?

Business Interruption Insurance provides a cushion against loss of income when fire, windstorm, explosion, riot or other insured hazard causes a temporary shut-down.

Get full details from your Hartford Fire Insurance Company Agent or your insurance broker. See how this low-cost protection makes customers safer credit risks, and how it can also strengthen your own company's insurance program.

Year in and year out you'll do well with the

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CREDIT AND FINANCIAL MANAGEMENT, August, 1953

25



# Ping Pong Balls versus Ammunition

## Unhinge Trade Gates, Governor of Bank of Canada Urges

**N**ATIONAL security, in addition to economic considerations, requires that the United States go even farther than it has toward insuring a readier access to North American markets for the sale of goods of other countries in payment for U.S. exports, in the opinion of Graham F. Towers, governor of the Bank of Canada, who frankly challenges advocates of tariff protection for the States.

"The United States emerged from obscurity through the willingness of the world to accept her merchandise," the executive explains. "In the same way, the United States can now help the rest of the world to economic recovery and at the same time insure a growing market for her goods."

The bank governor notes that "tariffs are still a major obstacle" but points out that "many traders feel that tariff concessions can have little effect so long as administrative obstacles, partly unintentional, partly otherwise, effectively block entrance to foreign goods."

"There is a popular illusion," he told the 57th annual Congress of the National Association of Credit Men at the Second International Convention, in Montreal, with the Canadian Credit Men's Trust Association, Ltd., "that the reductions in the U.S. tariff made in recent years have done all that is necessary to open U.S. markets to the traders of the world." Not so, when "we hear from time to time of extreme cases in which, for instance, ping pong balls to be used in toy guns, normally subject to a 10 per cent duty, are classified as ammunition and charged a 95 per cent duty."

### Notes Bottleneck in Customs Court

Then there are the delays in U.S. customs court. By the end of last year, Mr. Towers noted, the court charged with classification had 83 cases pending, which represented 13 years' work. Besides, "determination of the actual duty to be paid is often subject to delay of two to four years, and cases requiring as long as 20 years are not unknown. A major difficulty arises in connection with appraisal of value for duty purposes, and here the backlog of appeals before the customs court constitutes 30 years' work at the average rate of

the last two years. These are the sort of obstructions which have a serious effect in hampering world recovery, and deny to the United States the advantages she sought in the grants intended to stimulate recovery.

"Not only is harm done to friendly nations abroad, but the United States suffers directly through failing to take advantage of low-cost sources



GRAHAM FORD TOWERS

of goods. These considerations have been put before the American public recently in a report to the President by the public advisory board for mutual security under the chairmanship of Mr. Daniel Bell. The conclusions reached in that report are that United States trade policy should be based on the interest of the nation as a whole and not on the special interests of any small group of producers. The security of the United States, it is emphasized, depends heavily on cooperation from strong and unified countries throughout the free world.

"The economic strength and defense programs of these countries would be weakened if they were to be compelled, by adverse U.S. trade policies, to reduce their imports of essential U.S. goods. The report points out that inability to earn more dollars may compel them to restrict such imports, and comments at length on the high and unnecessary U.S. tariffs and cumbersome customs procedures which contribute to the dollar problem.

"These views represent a dispassionate appraisal of the national

interest of the United States by a group of business men and labor and agricultural leaders. To a banker who has had some experience in international economic affairs, their recommendations make good solid economic sense."

### Credit Progress Inseparable

Mr. Towers emphasized these factors in pointing out that "credit and economic progress are pretty well inseparable," and that analysis of important economic developments usually discloses "some sort of credit mechanism operating unobtrusively in the background." In both "grandfather's time" and in many parts of the world today, "economic life is conditioned by a vicious circle in which there is not enough surplus income to make possible the savings which, in the form of productive capital, can raise standards of living enough to generate savings. Once the vicious circle is broken and standards of living begin to improve, saving is easy enough and the process of growth in wealth and welfare becomes so nearly automatic that we take it for granted, failing to give due credit to the forces and institutions which are an essential part of the process.

### Credit in Raising Living Standards

"Two factors are, I think, indispensable in effectively and permanently raising standards of living. The first is a supply of savings, either generated within the country from the frugality of the population, or brought in from abroad through foreign loans or grants. This supply of saving you will recognize as credit. The second essential factor is a set of institutions—banks, postal savings offices, credit unions and the like—which will gather up what are often tiny dribbles of savings, combine them in large enough amounts to be usable for major projects, and then direct them to places they are needed, for without savings and capital there can be no progress.

"An interesting feature of United Nations studies of the problems of underdeveloped countries in the far east has been the attention paid to the role of credit institutions and the importance attached to the development of effective organizations in this field."

Tracing the history of Canada

**G**RAHAM FORD TOWERS, governor of the Bank of Canada, at Ottawa, was economist of the Royal Bank of Canada, Montreal, from 1920 to 1922, then went to Havana, Cuba, beginning foreign service. He was advanced to assistant general manager in 1933.

Mr. Towers represented Canada in the International Monetary Fund and the International Bank for Reconstruction and Development, at Paris in 1950.

He made a special study of national and state banks in Europe before undertaking his present duties.

from the underdeveloped country of yesterday until the potentialities were "vitalized by the application of credit, partly in the form of savings mobilized by the growing banking system, but mainly as a credit from abroad," the speaker noted how the "availability of credit made it possible to import the large quantities of goods required in the period of rapid economic development."

Now, especially in the seven postwar years, Canada has "loaned abroad and repaid debt abroad to an amount somewhat greater than the total of capital inflows." With the maturing of a long period of growth and sound investment, he added, "our savings are now adequate on balance to meet all but the most exceptional investment needs."

#### **"Trade, Not Aid" Is the Slogan**

Tracing the effects of two wars on Western Europe, with "the vicious circle of low income and low productivity," the banker said the condition "clearly called for a large investment of outside funds, and this, fortunately, was clearly in the long run economic and political interest of the United States," which had had a chance to see "the economic miracles that can be wrought with credit and capital." There followed the "initial transfusions of credit and other forms of assistance to Europe."

Appraising the results, Mr. Towers said that with Western Europe's industrial production now approximately 40 per cent above pre-war, while economic recovery "involves little diminution and, in some cases, an increase in the need for North American goods," the more important fact is that "given a chance, Europe can now pay for a growing proportion of her needs. The objective is 'Trade, not aid.'"

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## CROOKED BANKRUPTS

(Concluded from page 19)

planation therefor. Sales may have been made for cash with no recorded entry of its ultimate disposition. Possibly less merchandise has been sold than has been bought which after inventory adjustments leaves much of the bankrupt's assets unaccounted for.

"The greatest difficulty in ferretting out shortages, however, is presented when the nature of the bankrupt's business is to buy piece (or raw) goods and convert them into a finished product.

"The arithmetic should be simple: it takes so much raw material to make so many finished products; and since fewer than the indicated number of such finished products have been accounted for, a shortage is proven and should be explained.

### Courts' Approach Varies

"The approach of the courts to this sort of case is varied. Some federal circuits seemingly will under these circumstances go further in upholding a jury's verdict of a fraudulent concealment than will others,—the rub being the established principle of law that where the circumstances on which the proof of a crime is predicated are as reconcilable with innocence as with guilt, a verdict of acquittal must follow.

"Without going to the factual niceties that distinguish cases—and they are legion—it is sufficient for our purposes to fall back on the perhaps unsatisfactory platitude that each case has to stand or fall on its own peculiar facts.

"In any event the bankrupt's records and the manner in which they are kept are basic tools in an effort to unravel facts which will show whether or not there is a shortage of assets to be accounted for by the bankrupt to his creditors."

The right of creditors to examine the bankrupt before a referee in bankruptcy is especially helpful to

break down the swindler's alibi. Though the latter's testimony, if he is an individual as differentiated from an officer of a corporate bankrupt, cannot be used against him ("an immunity granted by the bankruptcy statute as a condition of compelling the testimony"), nevertheless such testimony brings out the character of the debtor, says Mr. Mattuck, and gives the prosecution advance notice of his line of explanation of the disappearance of the assets. This works two ways. The receivers are in a position to determine a fabricated explanation. If the debtor is honest, "the bankrupt has done himself a service by submitting the facts for verification."

"Though running the risk of oversimplification," Mr. Mattuck adds, "it is fair to say that to the experienced lawyer the honesty or falsity of the bankrupt's explanations or accounting is not too difficult to determine. This applies not only to the gambling loss 'alibi' which was used as an example but to the numerous other exculpatory defenses which a bankrupt might offer."

### Research in Equipment Policy Is Aim of Center at Institute

Sponsored by the Machinery and Allied Products Institute and the Illinois Institute of Technology, a National Center of Education and Research in Dynamic Equipment Policy, for study of industrial equipment acquisition and replacement, is to be established this fall in the department of business and economics of the Illinois Institute.

## National Young Presidents Pick Potter of Minneapolis

Carrier duty in the Pacific for the U. S. Naval Air Force, which he left with the rank of lieutenant commander, has served Lee Alfred Potter, Jr., well in supervision of out-of-state operations of Forman, Ford & Company, Minneapolis, and may help explain why at 34 he has been elected head of the Young Presidents Organization, Inc., national association whose membership is limited to presidents of companies doing more than \$1 million business a year. He uses his pilot license.



L. A. POTTER, JR.

Educated at Carleton College and the University of Minnesota, after his stint in World War II Mr. Potter advanced with Forman, Ford and Company from manager of the general paint division to treasurer, manager of the paint department with responsibility for purchasing accounting, auditing and personnel, and on to president in 1951. He is also president of Northern Rubber Products Company, secretary and treasurer of Forman, Ford of Des Moines and Princeton, and treasurer and assistant secretary of Sioux Falls (S.D.) Paint and Glass Company.

Mr. Potter is a member of the National Chamber of Commerce, the committee on government economy of the National Association of Manufacturers, past president of the Twin City Paint, Varnish and Lacquer Association, and treasurer of Lumbermen's Associated Buyers, Inc.

## THE PERSONNEL MART

### Position Wanted

CREDIT MANAGER—Comptr.-Off. Mgr., Wharton School, U. of P. graduate, 19 yrs. exper. in all phases wholesale and retail credit work, off. management and accounting. Age 44. Protestant. Ambitious. Healthy. Desires position responsibility in Philadelphia area where presently employed. Write Box 390 CFM.



CREDIT FOLK attending the Montreal Convention discussed plans for the Tri-State Conference of District No. 2, Baltimore, 22-24. The picture shows members of the delegation being entertained by President August F. Stone and Vice President Walton W. Loewy of the American Credit Indemnity Company of New York. Mr. Stone is at extreme left in the last row; Mr. Loewy, of Baltimore, is standing next to Mr. Stone.



# Guides to Improved Executive Operation

## KEEPING INFORMED

**COMPARATIVE STUDY OF ACCOUNTS RECEIVABLE SYSTEMS**—This report lists eight requisites of a good accounts receivable system and analyzes the three systems most commonly used, indicating the advantages and disadvantages of each in relation to the eight requisites. The three systems then are compared on the basis of additional standards, such as accuracy of records, speed of operation, economy of operation, space requirements. Available from Credit Research Foundation, Inc., 229 Fourth Avenue, New York 3, N.Y. Price \$2.50.

## BUDGETS ARE WHAT YOU MAKE THEM

—A brief review of "Do's" and "Don'ts" that will help put your budget on an even keel, and include items such as vacations or other special projects. 16 pp. Write the National Thrift Committee, Inc., 121 W. Wacker Drive, Chicago 1, Ill. Price 25c.

**EXECUTIVE DEVELOPMENT**—A reference list of articles, books, self-help manuals and surveys pertaining to the development of executive talent. 4 pp. Write Business Administration Bureau, Cleveland Public Library, 325 Superior Ave., Cleveland 14, Ohio. Price 10c.

## AN EMPLOYEE SUGGESTION SYSTEM

**FOR THE SMALL PLANT**—Today's companies of all sizes use suggestion systems to try to find ways to cut costs, increase efficiency and improve employee relations. This pamphlet tells how to install and operate such a plan. Write Superintendent of Documents, Washington 25, D.C. Price 15c.

## ABC'S OF PERSONNEL ADMINISTRATION

—A book describing the "practical working tools" of personnel management is now available from Conover-Nast Publications, 205 E. 42nd St., New York 17. Cost of volume is \$1.50.

## 5 WAYS TO GET THE MOST BENEFIT

**FROM AIR PARCEL POST AND AIR MAIL**—This leaflet tells how to prevent unnecessary delays in the handling of letters and packages sent by air mail. Write Air Transport Association of America, 1107 Sixteenth St. N.W., Washington 6, D.C. Free.

*Informative reports, pamphlets, circulars, etc., which may be of interest to you. Please write directly to the publisher for them. CREDIT AND FINANCIAL MANAGEMENT does not have copies available.*

*To expedite receiving these booklets, please address all inquiries concerning Efficiency Tips to CREDIT AND FINANCIAL MANAGEMENT, 33 So. Clark St., Room 1538, Chicago 3, Ill.*

## EFFICIENCY TIPS

307 — Safeguard Corporation has brought out the third booklet in its series entitled WHO SAID YOU CAN'T TEACH AN OLD DOG NEW TRICKS? Check forging problems are discussed, with suggestions on how to detect them.

308—CARTER'S INK COMPANY's booklet, "How to be an Expert on Carbons and Ribbons," is informative and helpful to office managers and those interested in picking the right carbons and ribbons for each machine and each type of work.

309—OLD TOWN CORPORATION will send "How to Make Perfect Masters for Spirit Duplicating," explaining ways to improve duplication. They include how to determine if the master has been properly prepared, how the "personalities" of different typewriters come into the picture, how to type the master for perfect copies, and how to correct masters. The instruction chart also can be used as a backing sheet.

310—HARTER CORPORATION's interesting booklet, "Beauty Begins with Posture," covers many points on why comfortable posture chairs in an office add to efficiency and increased production.

311—VICTOR SAFE & EQUIPMENT COMPANY. Eight-page folder dealing with visual control of business operations through charted facts. Covered are aids to sales, production, machine load, training control and progress charts, as well as all equipment needed to construct any type of chart needed.

312—INTERNATIONAL BUSINESS MACHINE CORPORATION's booklet, "The Proof Machine," describes ways in which banks can reduce check-handling operations and costs. It includes a discussion of commercial banking operations and the application of the proof machine; incoming clearings; mail and deposit proof, including 16 types of work that can be simplified by mechanization.

## BOOK REVIEWS

**THE AMERICAN WAY**—The Economic Basis of Our Civilization. By Shepard B. Clough. \$4.00. Thomas Y. Crowell Co., 432 Fourth Ave., New York 16, N.Y.

† Backed by his 20 years' experience in teaching and writing in the field of economics and history, Professor Clough bases his book on a series of lectures in American economic history given in Europe. He explains, clearly and briefly, the factors that have combined to give the United States a predominant position in the world today, what we can look forward to in political and cultural leadership, and what pitfalls lie ahead. The book is enlightening and thought-provoking for the intelligent reader.

## ECONOMICS IN THE PUBLIC SERVICE.

By Edwin G. Nourse. \$6.00. Harcourt, Brace & Co., 383 Madison Ave., New York 17, N.Y.

† With a subtitle, "Administrative Aspects of the Employment Act," Dr. Nourse, who was chairman of the Council of Economic Advisers when the 1946 Employment Act was passed, gives his comprehensive description of the events and men involved, and his forecasts. Part I presents the philosophical background of national economic policy in the U.S., and the steps that led to the Employment Act. In Part II the measure is described in action. Part III tells of the growing tensions and clashes, and gives recommendations to increase the future usefulness of the Act.

**THE AMAZING MR. DOOLITTLE**—By Quentin Reynolds. \$3.95. Appleton-Century-Crofts, Inc., 35 W. 32nd St., New York 1.

† The remarkable biography of one of America's heroes—Lieutenant-General James H. Doolittle—is told by a foremost journalist. Covering a half-century, up to the present, including an account of the Tokyo raid for which he received the Congressional Medal of Honor, here is the story of a man who has been recognized as a foremost expert on aeronautics in practice.

*Books reviewed or mentioned in this column are not available from CREDIT AND FINANCIAL MANAGEMENT unless so indicated. Please order from your book store or direct from the publisher.*

# UP THE EXECUTIVE LADDER

**WILLIAM WOOLLENWEBER** has retired from credit management of Wheeling (W. Va.) Steel Corporation. While in that office Mr. Woollenweber served two terms as president of the Wheeling Association of Credit Men and one term of three years as a director of the National Association of Credit Men. He is succeeded by William Doepkin, who for several years has been assistant credit manager. Mr. Doepkin is wellknown among credit executives in the steel industry.

Mr. Doepkin attended the University of Pittsburgh and Bethany College, being graduated with a degree in business administration. He spent a year as assistant purchasing agent for the Penn.-W. Va. Supply Corporation, and joined Wheeling Steel in 1937 as a sales trainee. In 1943 was assigned to the credit department. He is active in civic and church work, is a former athlete and active in youth work.

**L. A. ROBBINS** has been appointed to the newly created position of general credit manager of Burrus Feed Mills, Earl A. Edwards, treasurer, announces. Mr. Robbins is widely known in feed and grain circles, having been president of the Texas Feed Manufacturers Credit Men's Association in 1951 and 1952. Before becoming affiliated with Burrus Mills, Mr. Robbins was auditor for the Office of Foreign Liquidation Commission.

Starting in the billing department of Burrus Mills in 1947, Mr. Robbins soon rose to head of that department, then to assistant credit manager, and on to his new post.

He was born in Palestine, Texas, is a graduate of Baylor University and attended Southern Methodist University.

**W. H. KEPLINGER** has been appointed credit supervisor of all divisions and domestic subsidiaries of the Crown Zellerbach Corporation, San Francisco. He succeeds **PAUL H. ANDERSON**, retired. Mr. Keplinger, graduate of Ohio University, also attended Wooster College and the University of Illinois.

After a short coaching experience he joined B. F. Goodrich Company and for 15 years served in various credit assignments at Akron headquarters, and in the Philadelphia, Seattle, Atlanta and Boston divisions. He served in World War II



W. L. DOEPKIN



E. J. BALL



L. A. ROBBINS



JAMES SHERIDAN

as commander in the Navy. Since 1946 Mr. Keplinger has been executive credit supervisor of Zellerbach Paper Company in San Francisco. He has served on several committees of the Credit Managers Association, is a member of the 1954 class of the N.A.C.M. Graduate School of Credit and Financial Management at Stanford, and is serving as secretary-treasurer of the Bay Area alumni chapter.

Another Crown Zellerbach promotion is that of **CHARLES C. MANGER**, appointed credit manager of the San Francisco division. Mr. Manger is also a member of the 1954 class of the Graduate School of Credit and Financial Management at Stanford.

**LEN SCHNEEBERGER** has been appointed controller of The Gibson-Homans Company, Cleveland, Ohio, and Conyers, Ga. He is a graduate of John Carroll University. Prior to joining Gibson-Homans he was for five years senior auditor of Peat, Marwick, Mitchell & Company, certified public accountants of Cleveland.



W. H. KEPLINGER



R. L. SEAMAN

**ED J. BALL** has been elected assistant treasurer of the White-Rodgers Electric Company, St. Louis. He will continue to supervise the credit, collection and office management activities. Previous to joining White-Rodgers, Mr. Ball was credit manager for Aluminum Cooking Utensil Company, Central Shoe Company, Brown Shoe Company.

Starting work at the age of 14, Mr. Ball obtained his college degrees in St. Louis evening schools. Always active in credit association circles, he has served on the board of directors of the St. Louis Association of Credit Men for 12 years and as vice president for three years. He has also been a member of various committees of the N.A.C.M.

**JAMES SHERIDAN**, advanced to treasurer of Allied Chemical & Dye Corporation, New York City, is an honor graduate of Fordham University. While at college, he was a messenger with the Barrett Company, subsidiary of Allied Chemical. Transferred to the cashier's office of Allied Chemical in 1925, he became assistant treasurer in 1950.

**WILLIAM E. MARPLE**, formerly chief of the credit division, credit department, the Federal Reserve Bank of New York, has been appointed a manager and assigned to the credit and discount departments, succeeding **WALTER C. WARNER**, who resigned to accept appointment as an officer of the Bankers Trust Company, New York. Mr. Marple joined the bank's staff in 1943, and was assigned to the credit department. Thereafter he served in the bank's accounting and personnel departments, before his most recent service.

**R. L. SEAMAN**, sales director, Freeman Shoe Corporation, Beloit, Wis., has been elected assistant vice president and will also be director of administration. Mr. Seaman's commercial career began with Florsheim Shoe Corporation, Chicago, more than 20 years ago, in a clerking capacity. His advance was rapid, and in 1945, when he resigned, he held the office of treasurer and general credit manager. A busy leader in credit circles, he served on several committees of the Chicago Association of Credit Men, as well as director, vice president and president.





H. A. LEIGH



G. C. SHERVEY

H. A. LEIGH, secretary and treasurer of the Seymour Manufacturing Company, Seymour, Conn., has added the responsibilities of the executive vice presidency. He succeeds A. G. WENTWORTH, advanced to president.

Mr. Leigh has been associated with Seymour 40 years, in its financial affairs during the entire period. He is recognized as one of the leading industrialists of New England, is president and treasurer of the American Refractories and Crucible Corporation of North Haven, a trustee of the Seymour Trust Company and an official in several other Seymour industries.

He was a charter member of the Waterbury Association of Credit Men, which he served as president, is a past president of the Connecticut Association of Credit Men, and has served on various committees of the National Association.

Mr. Leigh, born in Pennsylvania, is a graduate of Rider College, Trenton, N.J. and for 30 years has been a member of the Seymour Finance Board.

In a move coincident with an expansion program, Udylyte Corporation announces that L. K. LINDAHL has relinquished his duties as president to devote full time as chairman of the board and CLYDE H. REEME has assumed the presidency.

In other Udylyte shifts, Mr. Lindahl announced the appointment of LAWRENCE V. NAGLE as executive vice president and ARTHUR L. BARAK as treasurer.

Mr. Reeme, born in Tiffin, Ohio, has been with Udylyte since 1927, when he joined as auditor. He was named assistant treasurer in 1929, became vice president and treasurer in 1938.

Mr. Nagle formerly was vice president and general sales manager. He has been with Udylyte since 1927, coming from the United Autographic Register Company.

Mr. Barak, a native of Boston, joined Udylyte Corporation in 1935. He succeeded Mr. Reeme as assistant treasurer in 1938. Mr. Barak had been with Federal Motor Truck Company.

GEORGE C. SHERVEY has been advanced to assistant treasurer and assistant secretary (functional titles: office manager and credit manager) of the Hawaiian Pineapple Company, Ltd. (Dole Sales Company), San Francisco. Mr. Shervey started with the company as an office boy and was successively accounting clerk, bookkeeper, cashier, credit clerk, assistant to credit manager, cashier and assistant credit manager, assistant treasurer and credit manager, before the new appointment. He is a director of the National Office Management Association and research chairman. Mr. Shervey plays the timpani in the Oakland Symphony Orchestra.

C. M. MASTERSON, appointed to the newly-created position of manager of budgets and standards for the Westinghouse Electric Supply Company, formerly was manager of accounting at the Cleveland Lighting Division of the Westinghouse Electric Corporation, parent company. Mr. Masterson now makes his headquarters at WESCO's executive offices in New York City.

Mr. Masterson, graduate of Franklin College in Indiana, served as office methods coordinator in the parent company's Motor and Control Division, Buffalo, from 1946 to 1948.

HOMER L. SIPE, formerly credit manager of the Union Malleable Manufacturing Company, Ashland, Ohio, has been advanced to treasurer and controller of the company and its subsidiaries, The Ashland Malleable Manufacturing Company and the Union Brass & Copper Company, all of Ashland.



L. K. LINDAHL



C. H. REEME



L. V. NAGLE



A. L. BARAK



C. W. PRITCHARD



J. F. KELLEY

JOHN F. KELLEY, named treasurer of the Pullman-Standard Car Manufacturing Company, Chicago, is a graduate of the Northwestern University business administration school and began his business career in Chicago with the Continental Illinois National Bank & Trust Company, in 1937. Following a tour of duty with the U. S. Navy in World War II, Mr. Kelley became associated with the American Smelting & Refining Company as assistant credit manager, before joining Pullman-Standard. He succeeds C. L. SPENCE, who has relinquished his duties because of ill health.

CHARLES W. PRITCHARD has advanced to treasurer of the Stromberg-Carlson Company, Rochester, N.Y., along with the election of GORDON G. HOIT as executive vice president.

Mr. Pritchard, with the company since 1937, became assistant treasurer a year ago and is now also treasurer of Stromberg-Carlson Credit Corporation. He succeeds WILLIAM W. HETZEL, who has retired after 47 years with the company.

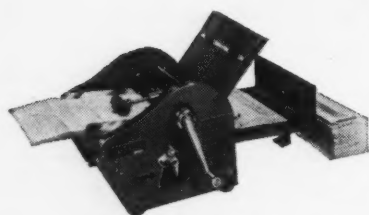
FRANK J. GRIFFIN, formerly assistant controller of The Davison Chemical Corporation, Baltimore, has been promoted to the position of controller. He was graduated from Pace College of New York and was engaged in public accounting practice in that city for six years. In 1942 he became controller of Rubber Synthetics, Inc. The following year he joined the R.F.C. Office of Rubber Reserve, where he was acting chief of the Administration Division of the National Synthetic Rubber Program. He joined Davison as assistant controller in 1946. He is a director of the Baltimore chapter of the National Association of Cost Accountants.

WILLIAM S. COFFING, formerly controller and office manager, has been appointed vice president and controller of Day Brite Lighting, Inc., St. Louis.



# Modernizing for Office Efficiency

*introducing new office equipment and systems to effect economies in labor and costs, as well as to speed production of essential office work*



## Desk-Model Folding Machine

A compact desk model folding machine, of the size of a typewriter and called the "Fold-O-Matic," has been introduced by Print-O-Matic Company, Inc., Merchandise Mart, Chicago 54, Ill. It is said that the machine will fold 100 letters (regular double fold for No. 10 envelope) in less than one minute, a considerable saving in time over the old hand method. Folding and creasing for No. 6¾ envelope and other commonly-used folds are accomplished with corresponding speed, and the "vertical creaser" feature eliminates an extra operation for a vertical fold. Operated by hand, the "Fold-O-Matic" needs no electrical outlet and has no motor mechanism. It is easily adjustable to handle sheets from 5" x 5" to 8½" x 14", and is simple to operate. The machine is sturdily built of steel, with attractive green Hammertone finish, measures 18" x 14" x 12" high and weighs only 30 pounds. The manufacturers will be glad to send further details.

## Streamlined Package Sealer

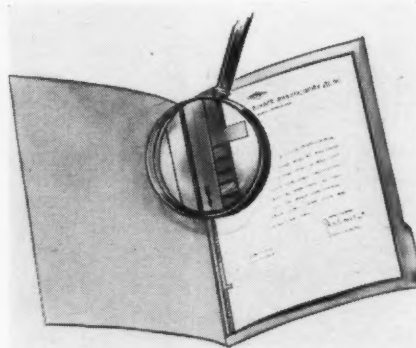
The National Package Sealer Model No. 208, manufactured by Nashua Package Sealing Company, Nashua, N.H., features what is termed a "Length-O-Graph"—a device which permits the automatic delivery of gummed tape in pre-



determined 3, 4, 6, or 8-inch lengths. The Sealer has a transparent polystyrene water reservoir which permits easy gauging of water in the tank; an automatic pressure brush-moistener which insures consistent all-over moistening of the gummed tape surface; an instant release pinch-roll which facilitates threading tape into machine and eliminates tearing on removal. The unit accommodates tapes in widths of ¾ to 1½ inches. The machine is streamlined in appearance and can be operated from any angle—front, back or side.

## Turns File Folder into Book

A filing device, called the U-File-M Binder strip, is said to provide low-cost insurance against loss of important records or correspondence. Installation of the system involves moistening the adhesive back of the binder strip and inserting it along the crease of folders already in use. Each sheet to



be filed is then secured by moistening two of the small adhesive hinges on the strip and pressing them against the margin of the paper to be filed. An 11-inch strip holds 22 sheets or pamphlets, and additional binder strips may be added to the same folder. Strips are available in a variety of lengths, and with double-width hinges for filing catalogs and heavy pamphlets. Any size sheet, from postage stamp to letter size, can be accommodated without adjustment, and each file lies flat whether open or closed. These flexible binder strips are manufactured by U-File-M Binder Mfg. Co., Inc., Syracuse 14, N.Y.



## Collating 29,000 an Hour

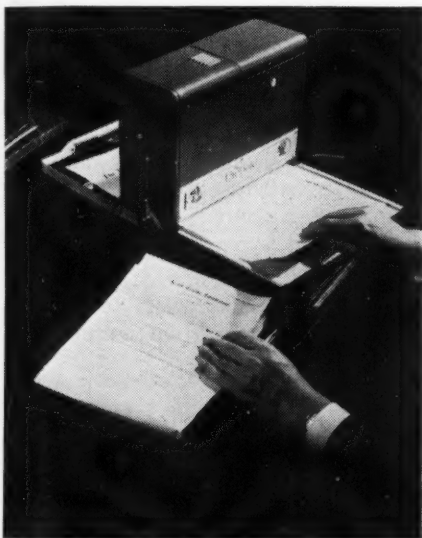
A new electric-powered machine for collating, assembling or gathering duplicated pages into sets is presented by Thomas Collators, Inc., 30 Church St., New York 7, N.Y. Called the "Gathermatic," it is said to be geared to collate sets of 2 to 8 pages at speeds as high as 29,000 sheets an hour, although it occupies less space than a small desk. Pages to be collated are stacked in bins. Rubber-tipped "fingers" push top sheets of each stack out to a motor-driven delivery roller. Sheets cascade down roller and automatically are jogged before being deposited in receiving tray.

## Confidential Intercom System

Aware of the need of many businesses for strictly confidential two-way intercom where folk are within earshot, Executone, Inc., 415 Lexing-



ton Ave., New York 17, N.Y., has introduced its new Multiple Handset Intercom System. It is said to combine advantages of both confidential conversation and across-room reply. A handset station in an exposed area is used to call a central point for information, etc. The user speaks in a quiet tone, and his voice, amplified to required volume, is heard at the central location where confidential conversation is not necessary. The employee answers a call through a staff station across the room, without stopping work or approaching the unit. The reply is heard only by the person using the handset station to originate a call, but any number of handset stations may be used, connected to one central location. Both handset and staff stations are compact and require little room. The staff station may be mounted on a wall, table or ceiling. The manufacturer will send details and prices.



### Portable Microfilming Set

Diebold, Inc., Canton 2, Ohio, has just announced its new portable Flofilm camera and reader for microfilming in offices. The new Flofilm camera weighs only 20 pounds, but is said by the manufacturers to have features of larger and more expensive cameras. Among these is the error-free film magazine which eliminates film damage. The portable camera can be set on a desk top or table and fed any size paper up to 11 inches in width and ranging from tissue to cardboard thickness. According to Diebold the camera does not need an experienced operator and requires virtually no servicing. In conjunction with this is offered the Flofilm Portable Microfilm Reader weighing only 19 pounds and occupying an area of  $14\frac{1}{2}'' \times 13\frac{1}{2}''$ , with a screen size of  $11\frac{1}{2}'' \times 11\frac{1}{2}''$ .



### New All-Hours Depository

To meet the increasing need for a means of making deposits or payments at all hours and on holidays, a new type of fool-proof depository is offered by Cramer Safe Company, 1417 McGee Street, Kansas City 6, Mo. Neat and dignified, it can be

*When writing to the makers of these products please mention that you read about them in CREDIT AND FINANCIAL MANAGEMENT.*

installed through the plate glass of a front window or in the masonry of a wall, with a chute to the receiving safe inside or in the basement. The throat is specially designed to thwart "fishing" and prevent jamming, according to the manufacturer. The unit is available with envelope dispenser or without, and the maker provides installation drawings to suit individual requirements. Write the manufacturer for further data.



### Ledger and Posting Machine

In its accounting and bookkeeping line, Monroe Calculating Machine Company, Orange, N.J., offers a new Side-By-Side Model 214-685-191 Ledger and Posting Statement Machine on which both these accounts receivable forms are prepared as originals in a simple, fast operation. The work is performed by depressing either of two bars: the plus bar for posting debits and credits, and the minus bar for picking up credit balances and making corrections. For example, the operator, after registering the old balance, sets the reference number and amount on the keyboard. When the motor bar is depressed, these figures, together with the date, are printed automatically on both statement and ledger. For proof, the operator again picks up the old balance, which is printed on proof tape. Thus accuracy of each line of posting is checked before starting the next. The machine is  $14'' \times 14'' \times 12''$  with a  $24''$  wide carriage. The manufacturer will be glad to send price and other data.



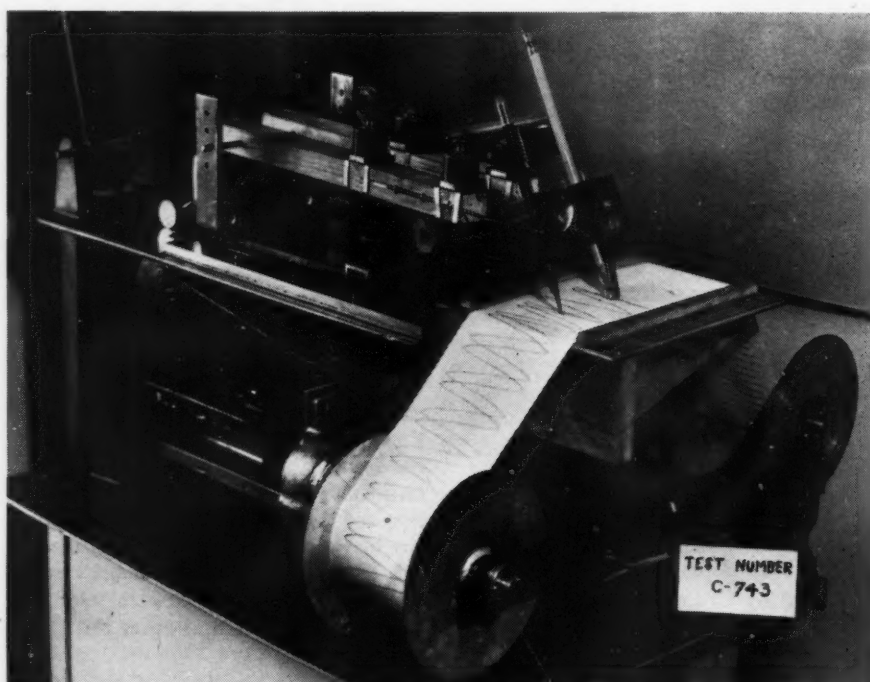
### A "Suspended Cradle" File

A new file known as "Simpla-wheel" has been announced by Wheeldex & Simpla Products, Inc., 40 Bank St., White Plains, N.Y. This is a stabilized, suspended-cradle-type wheel file, manual or motorized. Cards ride unattached in removable cradles or trays. The file is available in Junior or Senior class. The Junior has four models carrying up to 440 linear filing inches, and is available for all standard card sizes up to  $8''$  wide by  $5''$  high. The Senior style carries the same card sizes but two to three times the capacities. The Junior provides a desk-high work surface and cabinet dimension of  $36''$  front to back and  $27''$  to  $35''$  left to right.



# Mechanical Pencil Out-Writes Wooden

## In Time-Cost Test Run by Autopoint



WOOD PENCILS AND AUTOPOINT were tested simultaneously on this device set up by the laboratory. The wood pencil was turned at intervals.

**D**ID you ever clamp a pedometer on your pencil (figuratively, of course) and determine how many "miles you've written" in a day or month? No, you haven't, but it can be done, in terms of number of wood pencils used up, or number of refills for an automatic pencil, to cover identical mileage of writing.

On this page appears a summarization of the results of laboratory tests made for the Autopoint Company, Division of Cory Corporation, by the United States Testing Company, using the specially constructed "writing machine" illustrated herewith.

With writing pressures equalized and all pencils turned periodically "to simulate normal writing habits," the machine showed a little less than two sticks of 1 $\frac{3}{8}$ th inch refill lead,

costing a half cent, required to write the same distance as each wood pencil, approximately nine-tenths of a mile.

In both time and dollars, says Autopoint, the results show a saving by the use of automatic pencils, in maintenance especially, but also slightly so in initial supply.

Here's how the company figures the comparison of initial costs. Providing each employee with a No. 6 mechanical pencil, with one tube of 24 lead refills and one tube of four erasers, the total original "installation" charge reads at 47 cents. For 16 wood pencils, to make the same mileage, averaging at 3 cents each, the initial cost would be 48 cents per employee.

In maintenance, says the company, comes the pronounced saving on

cost. As against 48 cents at 3 cents each for the next 16 pencils, one tube of lead refills and one tube of erasers come to 12 cents.

### Better Control with Automatic

Then there is the control factor. According to the company, "you rarely get all the writing you pay for in wood pencils. It's difficult to limit an employee to one wood pencil at a time—it's nearly impossible to stop borrowing or 'take home' losses." On the other hand, the mechanical pencil "possesses obvious value and employees are willing to accept responsibility for its care. Granted that occasionally a replacement may be necessary, this small cost is far less than the common 'loss' factors with wooden pencils." This sums up into keeping writing costs constant, with "maximum savings on both initial and replacement costs."

Then there is the time element. Says Autopoint: Each wood pencil averages 30 sharpenings, each taking at least a minute. That's a half-hour, and on a dollar-an-hour wage rate, adds 50 cents additional cost per pencil, exclusive of sharpener cost.

Besides the cost control factors Autopoint cites advantages of easier writing because of balance through unchanging length of writing instrument, therefore more legible records and messages and greater employee satisfaction.

### Corporate Secretaries Elect Laban Harmon of SO (Ind.)

Laban E. Harmon, Chicago, secretary of the Standard Oil Company (Indiana), is the new president of the American Society of Corporate Secretaries, Inc. Vice presidents are Lamot du P. Copeland, secretary, E. I. du Pont de Nemours & Co., Inc., Wilmington; George L. Harding, secretary-treasurer, Pacific Telephone and Telegraph Company, San Francisco; and George K. McKenzie, vice president and secretary, Flintkote Company, Inc., New York. The society named as secretary Loren R. Dodson, secretary-treasurer, Continental Can Company, Inc., New York. The treasurer is John B. Noone, secretary and assistant treasurer, Standard Brands, Inc., New York.



L. E. HARMON

#### SUMMARY OF RESULTS OF LABORATORY TEST

Refill Leads	Wood Case Pencils	No. Wood Case Pencils	No. Refill Leads*	No. Wood Case Pencil Sharpenings	Total Length of Script—Miles
A-R	A-W	2	4.00	59	2.117
A-R	E-W	2	3.62	60	1.626
B-R	B-W	2	2.75	59	1.424
B-R	D-W	2	4.22	61	2.259
C-R	C-W	2	3.67	59	1.804
TOTALS		10	18.26	298	9.230
Averages:		1	1.83	29.8	0.923

\*The standard refill leads used measured 1-11/32 inches in length.



# CREDIT MANAGEMENT

*Highlighting News Activities—National, Regional, Local*

## CANADA'S STRENGTH AGAINST ANY RECESSION

CANADA'S economic onrush is attributable basically to the dynamics of credit and to highly trained manpower and scientific technology, in an analysis by F. Cyril James, principal and vice chancellor of McGill University at Montreal.

The Dominion's industrial revolution, he says, is not primarily due to its mineral wealth, not the natural resources, not the "growth in the labor force" by population influx, but is traceable to the "phenomenal increase in the number of Canadian men and women who have acquired that mastery of knowledge which enables them to undertake research, to administer the complicated technological procedures of modern industry, and to provide leadership in the equally complicated pattern of modern society." Underscoring his thesis, the educator contrasts the 20-year increase of one-third in total population with the tripling of graduates from Canadian universities, with five times as many graduates in pure science and almost ten times as many in engineering as there were in 1930.

To indicate to the delegates assembled at the Second International Credit Congress "the extent to which credit expansion has stimulated the Canadian boom," Dr. James resorted to statistics contrasting 1931 and 1951. Total per capita assets of chartered banks doubled; total money supply per capita tripled; loans of chartered banks rose from \$33.98 per capita in 1938 to \$107.03 last year.

Answering his own question, "How long can the present Canadian boom continue?" Vice Chancellor James emphasized three elements of the Dominion's strength against any future recession: financial conservatism, the integration of Canadian society, and the resilience of the expanding economy.

"It has often been pointed out," the credit men were told, "that the



FRANK CYRIL JAMES

economic stimulus of inflation is very similar to the physiological stimulus of alcohol. The first few cocktails may give a man the feeling that he could lick wild cats with his bare hands; but a few more are likely to diminish his efficiency in a sharply descending curve, until the last one—which he thinks he needs even more than its predecessors—destroys even the feeling of exhilaration.

### *Three Elements of Canada's Strength*

"The dynamics of credit can be explosive, but I have no mantle of prophecy that would enable me to tell you where the explosion will occur, nor can I foresee it will be a big explosion or a small one—a depression, or a recession, in the words of current discussion. All that can reasonably be done is to point out three elements of strength in the Canadian pattern, three elements which (although they do not preclude a recession) offer some hope that Canada will not in the near future face a prolonged and deep depression. Since, at the present moment, the United States is the economic fulcrum of the world, upon which the prosperity of every other country depends to a varying extent, it may also enable us to see the

Canadian elements of strength in sharper focus if they are stated only in the form of comparisons with American conditions.

"The first element of strength in the present Canadian situation is to be found in a rather old-fashioned financial conservatism. At the level of national fiscal policy, the Government of Canada has (rather painfully, at times) collected in the form of taxes the money necessary to cover its expenditure and produce a surplus to reduce its debt."

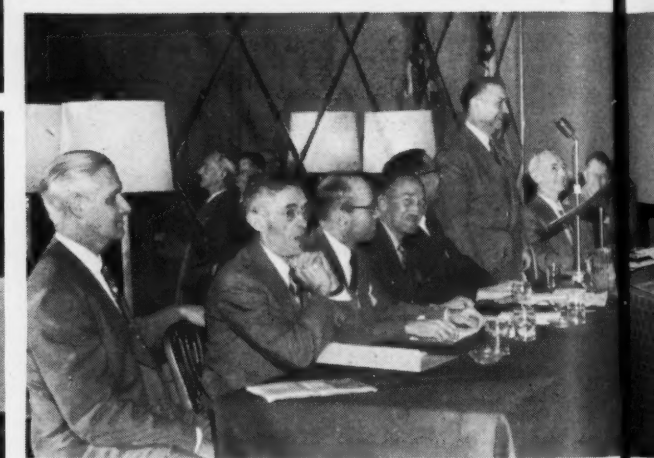
Comparing the net national of Canada with that of the United States, Dr. James said that "the average Canadian who carried \$225 of the national debt on his shoulders in 1931 looked enviously at the lighter load of \$140 carried by his American neighbor. Today, the average American, with about \$1,750 of national debt on his shoulders, must sometimes envy the Canadian who carries only \$767."

Citing the increase of Canadian assets abroad in the last 12 years from \$1.8 billions to \$5.4 billions,

*(Concluded on page 40)*

**W**ITH DOCTORATE degrees from a half dozen universities, Frank Cyril James held various faculty positions at the University of Pennsylvania and was chairman of the graduate faculty in social science when he became economist of the First National Bank of Chicago, returning to Pennsylvania "U" for a year as professor of finance and economic history before joining the faculty of McGill University, Montreal, in 1939. He became principal and vice chancellor the following year.

One of his many services to the Dominion in economics and education was as chairman of the Canadian Government's advisory committee on reconstruction. He is author of a number of books.



## INDUSTRY CREDIT LEADERS ANALYSIS

(1) Public Utilities: (l to r) E. C. Paxton, Dallas Power & Light Co.; David Robertson, Detroit Edison Co.; Charles W. Kroener, Southern Indiana Gas & Electric Co., Evansville; Miss Lafleur, E. Bachus, Cincinnati Gas & Electric Co. . . . For (2) see opposite page . . . (3) Oil Field Services and Supplies: (seated, l to r) H. G. Hurd, Royal Bank of Canada, Montreal; Clint Roberts, Halliburton Oil Well Cementing Co., Duncan, Okla.; H. W. Fuller, Mid-Continent Supply Co., Fort Worth; J. B. Mensing, National Supply Co., Pittsburgh; J. E. Lacey, Pittsburgh association; (standing) Miss O. E. Wynn, Chemical Process Co., Breckenridge, Texas; W. L. Holmes, Schlumberger Well Surveying Corp., Houston; L. E. Langham, Flood City Brass & Electric Co., Johnstown, Pa.; J. P. Dankel, National Supply Co., New York City . . . (4) Iron and Steel, Non-Ferrous Metals, Raw Materials and Allied Lines: V. W. Heyden, Chase Brass & Copper Co., Waterbury, Conn.; J. Cholette, Aluminum Co. of Canada; Joseph Langley (pointing), Drummond, McCall & Co., Montreal; J. H. Frazier, Great Lakes Steel Corp., Detroit; G. T. Stockfleth, California Wire Cloth Corp., Oakland; A. P. Raeburn, Seymour Mfg. Co., Seymour, Conn.; R. W. Durrett, Sheffield Steel Corp., Kansas City, Mo. . . . (5) Drugs, Cosmetics and Pharmaceuticals: W. L. Busch, Charles Pfizer & Co., Brooklyn; H. O. Scheck, American Safety Razor Co., St. Louis; W. G. Sieber, Meyer Bros. Drug Co., St. Louis; S. Appugliese, National Drug & Chemical Co. of Canada, Montreal; R. S. Threlkeld, Fox-Viel Drug Co., Wichita; Lawrence Holzman, San Diego association secretary-manager . . . (6) Paint, Varnish, Lacquer and Wallpaper: W. A. Norman, Martin-Senour Co., Montreal; N. J. Roe, O'Brien Corp., South Bend; Albert Pauly, Cabot, Inc., Boston; A. Hector, Sherwin-Williams Co. of Canada, Montreal . . . For (7) see opposite page . . . (8) Hardware Wholesalers: O. H. Berryman, John Pritzlaff Hardware Co., Milwaukee; F. V. Barrett, Masback, Inc., New York City; R. Newton, J. Russell & Co., Holyoke, Mass.; Jean Gagnon, LaRiviere, Inc., Montreal; Roger DeSerres, Omer DeSerres Limitee, Montreal; A. E. Appel, Shapleigh Hardware Co., St. Louis; F. J. George, George Worthington Co., Cleveland; J. N. Jones, Decatur Hopkins Co., Boston; Ozanam Maisonneuve, of Omer DeSerres







## ALY PROBLEMS—THEN BUILD SOLUTIONS

(For pictures 1, 3, 4, 5, 6, & 8 see opposite page)  
 Joint session of Electrical and Electronics Manufacturers, Floor  
 Coverings and Furniture, and Electrical and Radio Wholesalers:  
 A. Shaw, Howard Sams & Co., Indianapolis; W. E. Gallagher,  
 Mann Manufacturing Co., St. Louis; Miss Ruby Burbank, Virtue  
 Manufacturing Co., Los Angeles; J. S. Richardson, Northern  
 Electric Co., Montreal; Michael Frank, Union Electric Supply Co.,  
 Montreal; J. W. Smith, Northern Electric Co., Montreal; W. B.  
 Graybar Electric Co., Kansas City, Mo.; Lucien Grand-  
 et, Ideal Electric, Montreal; P. F. Wilber, Zenith Radio Dis-  
 tributing Corp., Chicago; E. B. Massie, Huntington (W.Va.)  
 Wholesale Furniture Co. . . . (7) Food Products & Allied Lines  
 Manufacturers: T. J. Lyon, Kellogg Sales Co., Battle Creek, Mich.;  
 J. C. Sheffel, General Foods Sales Division, General Foods Corp.,  
 New York City; J. C. Wiesner, California Packing Co., San Fran-  
 cisco . . . (9) Chemical and Allied Lines: C. S. Hebden, United  
 Chemical Co., New Haven; F. L. Lozes, New Orleans association  
 secretary-manager; J. C. Lynch, Pacific Coast Borax Co., New  
 York City; R. G. Keyes, Mathieson Chemical Corp., Baltimore;  
 C. I. Gincel, Glvaudan-Delawanna, Inc., New York City . . .  
 Confectionery Manufacturers: Neil Cashman, Leaf Brands,  
 Chicago; P. R. Corson, Walter Baker Division, General Foods,  
 Chester, Mass.; J. J. Millar, William Neilson Co., Toronto;  
 C. Smith, George Weston, Ltd., Toronto; R. E. Evans, Walter  
 Lowmyer Co., Montreal . . . (11) Electrical and Radio Whole-  
 sales: P. W. Miller, Marlborough Co., Atlanta, past president of  
 National Association of Credit Men; Michael Frank, Union  
 Electric Supply Co., Montreal; W. B. Whaley, Graybar Electric  
 Co., Kansas City, Mo.; H. J. Cunningham, Stromberg-Carlson Co.,  
 Chicago . . . (12) Paper Products and Converters and Fine Paper:  
 H. Hotchkiss, Petrequin Paper Co., Cleveland; R. G. Wendt,  
 H. & Dauch Paper Co., Sandusky; Mrs. Harriet Silvers, Graphic  
 Corp. of Ohio, Toledo; H. P. Roddick, E. B. Eddy Co., Hull,  
 Mich.; M. M. Nield, Marathon Corp., Menasha, Wis.; G. F. McEnnis,  
 Nashua Corp., Nashua, N.H.; F. C. Heath, Sealright Co., Fulton,

CFM pictures by ABC Studios, Windsor Hotel, Montreal, Que.





## Death of F. W. Standart, Once N.A.C.M.

### President, Recalls Bulk Sales Law Fight

When death came to Frederick W. Standart, 87, pioneer Denver insurance executive, the National Association of Credit Men lost one of its few remaining charter members, an oldest living past president (1904-05) and a former member of its board of directors.

Mr. Standart "was very successful in his business, an outstanding citizen of Denver, and his contribution to this organization in the early days when it needed so much help was outstanding," Henry H. Heimann, executive vice president, recalled. The board of the Rocky Mountain Association of Credit Men, of which Mr. Standart was a charter member and former president, stated in resolution that the association had "lost one of its tried and true friends, whose interest in its work and devotion to its affairs was great."

#### Era of Attack on Bulk Sales Laws

J. Harry Tregoe, who had completed two terms as N.A.C.M. president immediately preceding election of Mr. Standart, wrote in his "Pioneers and Traditions":

"The early months of Mr. Standart's administration were marked by a heavy attack on bulk sales laws upon constitutional grounds. No policy of the National Association and the local bodies was fought so bitterly and over every inch of the ground as this protection to credits. The bulk sales laws of Ohio and Utah were held to be unconstitutional by the highest courts of the two states. This setback merely stiffened the fighting qualities of the organization, and wherever a breach occurred there was always an effort mobilized to repair it.

"The close of 1904 found the formative years of the National Association of Credit Men had passed successfully every opposition and organized effort to prevent legislative protection and systematic control of the credit circulation. The fighting qualities of the organization were wonderful, and the formative period ended with the bones of the organization knitting together solidly and preparing its active proponents for a bigger work ahead."

#### Founded Denver Insurance Concern

Frederick Standart, founder of Standart, Main and Brewster, Inc., Denver insurance company, was born in Brooklyn, N.Y., and moved

westward to Denver after having studied in France, New York and the Graylock academy at South Williamstown, Mass.

He was on the directorate of the Mountain States Telephone and Telegraph Company and the United States National Bank, a vice president of the Davis Brothers Drug Company and at one time treasurer of the Morey Mercantile Company.

He was the last surviving member of a committee which headed the construction of the St. Johns Episcopal Cathedral in Denver. Its former dean, Bishop Benjamin D. Dagwell of Portland, Ore., was one of the beneficiaries named in his will.

For 41 years he served on the board of St. Luke's Hospital and had been its president many years. He left part of his estate to the hospital association.

### Gene Kidd Was In Studebaker Services Quarter of Century

The unexpected death of Eugene V. Kidd, manager of credits of the Studebaker Corporation, South Bend, Ind., removed a director of the National Association of Credit Men who had been re-elected at the second International Convention in Montreal in May. In the St. Joseph Valley Chapter, South Bend, he had held many offices in his 25 years of service to organized credit, including the presidency.

For a quarter century he was associated with the Studebaker Corporation, which he had joined to reorganize the credit department, of which he was named assistant credit manager in 1939.

Mr. Kidd had been born in Denver in 1891 and had gone to South Bend in 1928 from Detroit.

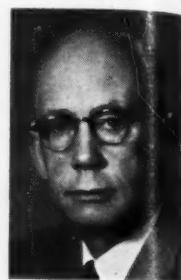
He started his business career in the sales department of the Johns-Manville Corporation, was with the Milwaukee Coke and Gas Company, became office manager of the Republic Motor Company, then served as Detroit area credit manager of Willys Overland before joining Studebaker.



E. V. KIDD

### Stanley Hunter Dies in Chicago; Headed 2 Coast Associations

The death of Stanley J. Hunter, general credit manager of Fisher Flouring Mills Company of Seattle, removed an executive whose interest in educational advancement of the profession through organization was signaled by his presidency of two local associations.



S. J. HUNTER

Mr. Hunter was president of the Seattle Association of Credit Men when, returning from the Credit Congress in Montreal, he was stricken with coronary thrombosis in Chicago and hospitalized there. He had been president of the Portland (Ore.) association in 1931-32.

Born in London and educated in Edinburgh, he was a resident of Vancouver, B.C., when he went to France in World War I as a flying officer. Becoming a United States citizen, he was named credit manager of the Sperry Flour Company in Portland, later joined the National Grocery Company at Wenatchee and Yakima, then went to Fisher in 1940. He served on the national nominations committee at Montreal and had been active in the formation of credit women's groups. He attended the N.A.C.M. Graduate School of Credit and Financial Management when it was at the University of Wisconsin, in 1950.

### Harold Bailey Dies in South; N.A.C.M. Fraud Investigator

Chief investigator for the Fraud Prevention Department of the central division of the National Association of Credit Men for a number of years before his retirement on January 1, 1950, because of illness, Harold H. Bailey was 63 when he was fatally stricken by a heart attack on his pecan farm at Grand Bay, Ala.

Mr. Bailey, who joined the N.A.C.M. in 1926, had been born in Maple Park, Ill. He served in the Cavalry in World War I.

Funeral services were in Batavia, Ill., home of a married daughter, Mrs. Edward Peterson.

Mr. Bailey was a special investigator for the U. S. Government.



H. H. BAILEY

### Honored Manager of Company Was Semi-Pro Baseball Star

In recognition of long, faithful and constructive service, the executive committee of the Sacramento Division of Credit Managers Association of Northern & Central California recently voted a life membership on the Sacramento advisory committee to Ray Delfendahl, manager, Laher Spring & Tire Corporation. He becomes the second so honored, the first being Ralph Warren, W. P. Fuller & Co. A testimonial plaque was presented to both men at a surprise meeting.

Mr. Delfendahl is known as "Mr. Membership" in Sacramento, in recognition of his interest and assistance in advancing the prestige and membership of the credit association. He has served several terms on its executive committee, as well as chairman of various other committees.

Born and reared in Cincinnati, Mr. Delfendahl was a semi-professional baseball player, before undertaking his commercial career which began in the traffic department of a railroad, followed by wholesale plumbing supply and then the tire business. Since 1938 he has been general manager of the Laher Spring and Tire Corporation, at Sacramento. His hobbies are trout fishing, dancing, poker, and he is an ardent fan of hard top auto racing.

### A Novel Annual Report

An unusual presentation of an annual report is that of the Bettinger Corporation at Waltham, Mass. Within a gray jacket on which are printed the names of officers and directors, as well as executive offices and plant locations, there is an inside foldover from the bottom as a pocket for four individual booklets, of different depths and colors to set each off for ready reading separately: (1) President's Report of Robert A. Weaver, Jr.; (2) Financial Statement; (3) Bettinger Plants; and (4) Products by Plants.

### Buys Field Warehouses

The Lawrence Warehouse Company, with headquarters in San Francisco, has purchased all the operating field warehouses of the National Field Warehouse Corporation of New Orleans.

### Honored by Group



**MISS LORAINE DAY**  
**Birmingham Women's Group**  
**Selects Miss Day as Leader**

Under the leadership of Miss Day, who once before had held the presidency and took over in mid-season with Miss Muriel Williams, also a past president, when the incumbent moved away, the Birmingham Wholesale Credit Women's Group is preparing for a busy season, come Fall, in its aim to double its membership.

Officers of the Group, who were installed by J. W. Fitzpatrick, president of the Alabama Association of Credit Executives, include Miss Day, representing the Liberty Trouser Company; Miss Roberta Tharpe, Western Grain Company, vice president; Mrs. Connie Landers, Dowdy Candy Company, corresponding secretary; Mrs. Hazel Miller, American Credit Indemnity Company, recording secretary; and Mrs. Ruth Bethea, Jefferson Plumbing & Mill Supply, treasurer.

### \$300 Millions Saving Claimed By Use of New Filing System

Industry and Government can save more than \$300 millions a year under a new scientific system reported to the Cleveland Records Control Organization at a meeting of the Cleveland Society of Engineers.

Emmet J. Leahy, president of National Records Management Council, explained that the system calls for expert inventory and appraisal of a company's files, leaving only 25 per cent in office space and equipment while eliminating 50 per cent by organizing, and indexing the remaining one-fourth in a records center of a new low-cost type.

### North-Central Credit Leaders Name Manager at Stockton

Neil Campbell is now managing the Stockton office of the Credit Managers Association of Northern and Central California. He succeeds Joy D. Campbell (no relation) who on his retirement was voted an honorary life membership in the association, in tribute to his years of service.



**NEIL CAMPBELL**

Neil Campbell, who had been in the Sacramento office, attended the college of business administration of the University of Oklahoma. He spent 27 months in the South Pacific in U. S. Army service in World War II. He is married and has two children.

### Retail Charge Account Field Fruitful, Bank Panel Agrees

An expensive and time-taking educational program is a prerequisite of inauguration of a retail charge account credit plan, but the field is a real bank opportunity, a panel of bankers emphasized at the National Instalment Credit Conference of the American Bankers Association. Participating were Jo Abbot, vice president, Valley National Bank, Phoenix, moderator; Arthur T. Roth, president, The Franklin National Bank, Franklin Square, New York; John C. Biggins, vice president, County Bank and Trust Company, Paterson, N.J.; and Edward J. Frey, president, Union Bank of Michigan, Grand Rapids.

The charge account credit plan "provides one of the best methods yet devised for supplying credit facilities to the smaller retailer and the best means of placing the small businessman in a competitive position with the bigger stores," the panel agreed.

The yardstick consists of the total resources of the bank and the amount of instalment credit outstanding, the conference was told.

### 48 Years a Banker, Retires

After 48 years in the banking business in Rochester, N.Y., Harry L. Edgerton, assistant secretary of the Lincoln Rochester Trust Company, has retired. Mr. Edgerton is past treasurer of the Rochester Association of Credit Men and past president of the Rochester chapter of the American Institute of Banking.



## CALENDAR OF EVENTS IMPORTANT TO CREDIT

### DARTMOUTH COLLEGE

Hanover, New Hampshire

August 2-15

Session of Graduate School of Credit and Financial Management



### WINNIPEG, MAN., CANADA

September 18-19

Annual North Central Credit Conference covering Minnesota, North and South Dakota, in cooperation with the Canadian Credit Men's Trust Assn., Ltd.



### KANSAS CITY, MISSOURI

September 23, 24, 25

Quad-State Annual Credit Conference, comprising Missouri, Kansas, Oklahoma and Southern Illinois



### SAN FRANCISCO, CALIFORNIA

September 23-25

Western Division Secretary-Managers Annual Conference



### CHICAGO, ILLINOIS

October 14

Illinois Annual Credit Conference



### NEW ORLEANS, LOUISIANA

October 14-15-16

All-South Credit Conference



### OMAHA, NEBRASKA

October 14-16

Tri-State Annual Credit Conference, comprising Iowa, Nebraska and South Dakota



### LOS ANGELES, CALIFORNIA

October 21-23

Pacific Southwest Annual Credit Conference



### BALTIMORE, MARYLAND

October 22-24

Tri-State Credit Conference, comprising New Jersey, New York, Eastern Pennsylvania, District of Columbia, Maryland and Virginia

### DETROIT, MICHIGAN

October 23-24

Ohio Valley Regional Conference, covering Ohio, Western Pennsylvania, West Virginia, Kentucky and Eastern Michigan



### DETROIT, MICHIGAN

October 24-25

Midwest Credit Women's Conference



### NEW YORK CITY

October 26, 27, 28

(New dates)

Annual Conference of American Petroleum Credit Association



### WORCESTER, MASSACHUSETTS

November 3-4

Annual New England District Credit Conference, covering Connecticut, Rhode Island, Massachusetts, Maine, New Hampshire, Vermont



### SAN FRANCISCO, CALIFORNIA

May 16-20, 1954

58th Annual Credit Conference and Convention, National Association of Credit Men

## FRANK CYRIL JAMES

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which "more than offsets the slight increase in the amount of capital funds that has come to Canada from the United States and other countries," the speaker summed up the conservatism factor thus: "The Canadian boom up to now has involved a less dynamic credit expansion than that which has occurred during the same period in the United States; so that the ability of Canada to borrow in any future emergency is at least as good as that of her stronger and wealthier neighbor."

Not less important, though more intangible, is the strength inherent in the integration of Canadian society, he said. "Canada is a small country compared to the United States. It has inherited the flexibility of British political institutions and it has grown up with the telephone, the railroad and the airplane—rather

than in the era of the stage coach. Human contacts are intimate and frequent."

The form of government of Canada helps that integration, said Dr. James. For example:

"After a general election in Canada, the new government takes office within 24 hours instead of waiting several weeks for a formal inauguration. There can never, under the Canadian constitution, be a conflict between legislature and executive. In a wider sense, bankers, businessmen, trade union leaders (and even university officers) are in frequent contact with cabinet ministers and government officials, so that most problems are threshed out in personal discussion, instead of growing more and more serious as the delays inherent in red tape exacerbate the soul.

"No sensible person would venture to suggest that the people of Canada, on an average, have more brains or greater wisdom than the people of the United States, but the political and economic pattern of Canadian life does allow us to suggest that the available brains will be more promptly and efficiently used when an emergency arises."

Resilience is characteristic of an expanding economy, for "there is so much that needs to be done that one never has to invent projects to provide employment," the speaker explained.

"In view of the fact that one-fifth of Canada's national income is derived from its export trade, it is apparent that any recession in the United States (or in any other part of the world) would have an immediate impact on the Canadian economy.

"It must, however, be remembered that Canada has now in operation a comprehensive scheme of social insurance—from baby bonuses through unemployment insurance to old age pensions—which would cushion the shock. We can also hope that the people who would lose their jobs in the export industries could, if the recession were not prolonged, be speedily absorbed into one sector or another of the capital goods industry—as they were in the United States during the second quarter of the nineteenth century."

Seldom have the dynamics of credit been so important as they are today, he said, adding: "The real test lies immediately ahead of us, and when that test comes, Canada's elements of strength should help it to ride the storm."

# MANAGEMENT IN THE NEWS

## **Bookkeeper to Treasurer, He's Also the Credit Manager**

Herbert M. Webster began his career with the House-Hasson Hardware Company of Knoxville, Tenn., in 1936 as a bookkeeper. In only three years he was elevated to assistant secretary and treasurer, which office he held until 1942. Since then he has served as treasurer of the same company, as well as credit manager. Mr. Webster has been very active in credit work in his city, and has been elected to the presidency of the Knoxville Association of Credit Men.



H. M. WEBSTER



L. T. SMITH



G. W. ALDEN



H. P. BUETOW



W. DON ECK

## **Graduate of Banking Schools Applies Learning as Teacher**

Luke T. Smith, vice president of the Lincoln Rochester Trust Company of Rochester, N.Y., started his banking career in 1920, and is a graduate of the American Institute of Banking and the Graduate School of Banking of Rutgers University. For five years he served as an instructor for the Rochester Chapter of the American Institute of Banking, of which he is a past president. Mr. Smith has been active in civic affairs and is treasurer of the Monroe County Branch of the American Cancer Society. Because of his contribution to credit work in Rochester, he has been elected to the presidency of the Rochester Association of Credit Men.

## **Four-Way Executive Has Had Diversified Credit Experience**

As controller, treasurer, secretary and credit manager of the J. J. Fitzpatrick Lumber Company, Inc., Madison, Wis., George W. Alden has his fingers firmly on the financial pulse of his organization. His experience in credit work has been diversified, including ten years with Armour & Company in its various branches, two years with Aircraft Standard Parts Company of Rockford, Ill., two years with Ben Anderson Manufacturing Company of Madison, maker of milking machines and since 1947 with Fitzpatrick. Mr. Alden is now the president of Madison Association of Credit Men.

## **Minnesota Mining's President Joined 3M as Auditor in 1926**

Herbert P. Buetow, executive vice president in charge of finance, Minnesota Mining & Manufacturing Company, St. Paul, Minn., has been elevated to the presidency, succeeding Richard P. Carlton, who becomes vice chairman of the executive committee.

Mr. Buetow joined 3M as auditor in 1926, became controller in 1935, treasurer and a director in 1939, and executive vice president in 1949. He is president and a director of the First Merchants State Bank and a director of the First Trust Company, St. Paul. He is former vice president of the Controllers Institute of America, and has been a member of the Minnesota Governor's Advisory Council on Unemployment Compensation since 1945.

## **General Credit Manager Wins Honor for Educational Service**

W. Don Eck, general credit manager of Paxton and Gallagher Company and Western Wine & Liquor Company of Omaha, Neb., formerly was credit manager of the Federal Reserve Bank of Chicago and was chief of the Credit Division, War Assets Administration, Chicago. He served two terms as president of the National Institute of Credit, Chicago Chapter. Mr. Eck attended DePaul University's college of commerce in Chicago. He has been very active in credit work and has just been elected president of the Omaha Association of Credit Men.

## **Named General Credit Chief, He's Also Firm's Office Head**

Shortly after joining the Rourke-Eno Paper Company of Hartford (Conn.) in 1941, George A. Devanney took a leave of absence to serve in the Coast Guard in World War II. After three and a half years' service, he returned and re-joined the company, becoming credit manager in 1948. In January of this year he stepped up to become general credit manager and office manager at Rourke-Eno, which has offices in Hartford, New Haven, Bridgeport, Springfield and Providence. Mr. Devanney has been secretary and vice-president of the Hartford Association of Credit Men, and recently was elected to the presidency.



G. A. DEVANNEY

## **Was in Chamber of Commerce, So Enthusiast for Association**

After two years as a field representative for the California State Chamber of Commerce, Bruce Winship joined the General Electric Supply Corporation at Oakland in 1922. During his 20 years with this organization his work took him to the San Francisco, Seattle and Portland offices, as operations manager. Returning to Oakland in 1943, he became secretary-treasurer of Scott-Buttner Electric Co., Inc., an electrical construction concern. Over the years Mr. Winship has been active in credit association work, and after serving three years on the board of the Wholesalers Credit Association of Oakland has been advanced to president.



B. D. WINSHIP

**Roadside warning sign in  
Korea: "Drive carefully—  
the guy you hit may be  
your relief!"**

—Air Force Journal



# CREDIT AND FINANCIAL REPORTER

## □ *Brief Items on Credit Activities and Meetings* □

MILWAUKEE, WIS.—“This Thing Called Television” was the topic of George Comte, station manager, WTMJ-TV and WTMJ Milwaukee Journal, before the membership dinner meeting of the Milwaukee Association of Credit Men.

DALLAS, TEXAS—A series of luncheons of the Dallas Wholesale Credit Managers Association heard A. C. Wilburn, former banker and for the last several years associated with Dun & Bradstreet, Inc., at San Antonio, on “How to Analyze a Credit Report,” also Steve J. Barrett, credit manager, Magnolia Petroleum Co., Dallas, who spoke on “A Credit Man’s Viewpoint,” followed by George Watts, vice president, The Republic National Bank, Dallas, who addressed the third luncheon session on “Banking Relations—Texas Style.” At the fourth weekly meeting, Ben Jack Cage, president, The Insurance Company of Texas, spoke on “Understanding Is a Two-Way Street.”

CINCINNATI, OHIO—A panel discussion on “Insurance on Accounts Receivable” was presented before a luncheon meeting of the Cincinnati Association of Credit Men, with S. B. Adamson, assistant treasurer and secretary, U.S. Printing & Lithograph Co., and W. T. McWhorter, manager, Insurance Division, Procter & Gamble Co., as speakers. William B. Behrens, Randall Co., was general chairman.

OKLAHOMA CITY, OKLA.—W. Gene Smith, Oklahoma Hardware Co., spoke at the credit association’s membership meeting on “Organization Back Stage.”

BALTIMORE, MD.—Dr. Enoch Calloway III, professor at the University of Maryland and nationally known psychiatrist, addressed members of the Baltimore Association of Credit Men, after a fellowship hour and dinner.

OSHKOSH, WIS.—Following election of new officers for the Central Wisconsin Association of Credit Men, a forum session was presented, with Vern Ames, general credit manager, Kimberly-Clark Corp., Neenah, who spoke on “Sources of Credit Information,” and F. W. Schettler, general credit manager, Malleable Iron Range Co., Beaver Dam, whose subject was “Collections and Methods.”

PORTLAND, ORE.—Dr. Donald Treadgold, assistant professor, Far Eastern Department, University of Washington, an accepted authority on Russia and Russian affairs, addressed the Portland Association of Credit Men on “The Soviet Scene after Stalin.” His address was followed by a period of questions and answers on Russia and the Far Eastern situation.

GRAND RAPIDS, MICH.—At the last weekly luncheon meeting of the season, a forum on “Current Trends in Accounting” of the Grand Rapids Association of Credit Men had as participants John J. Spinetto, resident partner, Seidman & Seidman, and president of the Western Michigan Chapter Certified Public Accountants, who spoke on “Forms of Financial Statements”; Gordon L. Kauffman, partner, McEwan & Kauffman, on “Auditors’ Certificates,” and Robert W. Ross, resident partner, Lawrence Scudder & Co., on “Terminology.”

NEW ORLEANS, LA.—Five members of the New Orleans Credit Men’s Association took part in a panel discussion at the semi-monthly luncheon. P. S. Kernion, treasurer, Meyer Bros. Drug Co., and president of the association, was the moderator. The panel members and their topics were: G. Albert Knesel, assistant vice president, Hibernia Na-

tional Bank, who discussed “Analysis and Use of Financial Statements in the Extension of Credit,” T. J. Adams, vice president, Times-Picayune Publishing Co., on “Customer Relations and Credit,” T. A. Shaw, treasurer, Modern Appliance & Supply Co., on “The Value of Credit Education,” and J. W. Salisbury, credit manager, Southcoast Corp., who spoke on “Unearned Discounts, Unjust Claims, Unauthorized Deductions—How Treated.”

OTTUMWA, IOWA—Ed Foster, president, N.A.C.M., Central Iowa Unit, addressed the association members of the southeast Iowa area on “Adjust Your Lamp.”



*PUBLIC UTILITIES again are represented in the president's chair of the Evansville (Ind.) Association of Credit Men for 1953-54. The new group of officers includes (l to r) Treasurer W. G. Parrish, treasurer of the Citizens Realty and Insurance Company; First Vice President Ralph Waboski, vice president of Old National Bank; Secretary-Manager David Schnerr; Charles W. Kroener, re-elected president (Mr. Kroener is credit manager and cashier of the Southern Indiana Gas & Electric Company and addressed the Public Utilities Group at Montreal); and Second Vice President Elmer Graham, credit manager International Steel Company.*

KALAMAZOO, MICH.—Following a fellowship hour, dinner and musical entertainment, Henry H. Heimann, executive vice president, N.A.C.M., addressed the annual Ladies Night meeting of the Credit Association of Southwestern Michigan on the “Effect of Economic Trends on Your Credit Problems.”

ST. LOUIS, MO.—“Credit Procedure and Problems” was the topic of a panel sponsored by the St. Louis Chapter of the National Institute of Credit, before the membership of the St. Louis Association of Credit Men. P. J. Wilder, credit manager, Century Electric Co., was moderator. Panel members were: S. M. Cole, division credit manager, Ralston Purina Co.; W. E. Gallagher, controller, Bussmann Manufacturing Co.; N. J. Ottinger, district credit manager, Cook Paint & Varnish Co., and Edw. Schulz, credit manager, N. O. Nelson Co.

WHEELING, W. VA.—Ed Kallmann, general credit manager, Wheeling Corrugating Co., Long Island City, N.Y., was the principal speaker at the membership meeting of the Wheeling Association of Credit Men. He talked on sales and credit coordination for maximum distribution and profits.

TERRE HAUTE, IND.—G. C. Klippel, credit manager, Van Camp Hardware & Iron Co., Indianapolis, spoke on “Methods and Practices Pertaining to Credit Procedure” at the members education meeting of the Terre Haute Association of Credit Men.